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ABSTRACT

This paper investigates the impact of economic and social reforms in New Zealand since the mid 1980s on the well-being of children. Although the reforms emphasizing the role of market forces and markedly reducing the welfare state and the direct role of the state in the economy were among the most sweeping in scope and scale in any industrialized democracy, the paper notes that their impact has not been systematically measured by the government. Following an introductory section, Section 2 of the paper provides background including the context of the reforms, the ethnic diversity of the childhood population, and the position of Maori in relation to the reforms. Sections 3 to 7 describe what occurred in family incomes, housing, child health, education, and child protection and youth justice, by outlining the reforms and trends in the well-being of children in each area. Section 8 concludes that the reforms have not led to an overall improvement in the well-being of children. Noted in particular is the widening inequality between ethnic and income groups which has left many Maori and Pacific children and children from one-parent and poorer families relatively worse off. Government agencies have had difficulties in addressing the impact on children. Also noted are advances since the mid 1990s, when the pace of the reform process slowed. The paper concludes by pointing out that the New Zealand experience illustrates the vulnerability of children during periods of social upheaval and change and the importance of having effective mechanisms to monitor, protect, and promote the interests of children. (Contains 151 references.) (Author/KB)

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# WHEN THE INVISIBLE HAND ROCKS THE CRADLE: NEW ZEALAND CHILDREN IN A TIME OF CHANGE

Alison J. Blaiklock, Cynthia A. Kiro, Michael Belgrave, Will Low, Eileen Davenport, Ian B. Hassall

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No.93

# When the Invisible Hand Rocks the Cradle: New Zealand Children in a Time of Change

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*—July 2002 —*

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## Abstract

This paper investigates the impact of economic and social reforms in New Zealand since the mid-1980s on the well-being of children. These reforms were among the most sweeping in scope and scale in any industrialized democracy. Their impact has not been systematically monitored by government. The paper outlines the reforms and associated changes in the situation of New Zealand children.

The reforms have not led to an overall improvement in the well-being of children. There has been widening inequality between ethnic and income groups which has left many Mäori and Pacific children, and children from one parent and poorer families, relatively worse off. Government agencies have had difficulties in addressing the impact on children. There have been advances made since the mid-1990s, when the pace of the reform process slowed. The New Zealand experience illustrates the vulnerability of children during periods of social upheaval and change and the importance of having effective mechanisms to monitor, protect and promote the interests of children.


*Keywords:* children, economic reform, New Zealand, social policy.

# 1. Introduction

The effects on children of the sweeping economic and social reforms in New Zealand that occurred from the mid-1980s are of special interest as a case study. The speed and comprehensiveness of change in this country were arguably greater than elsewhere and have been used as a blueprint for both developing and developed countries undertaking reform.[1]

In 1984 New Zealand elected a Government that broke radically from the traditions of the past, starting a process of social and economic reforms. Although these reforms eased off in the mid-1990s, the structural changes they introduced remain. New Zealand's extensive programme of deregulation and privatisation emphasised the role of market forces and markedly reduced both the welfare state and the direct role of the state in the economy.

This Innocenti Working Paper focuses on the impact of the reforms on the lives of New Zealand children. Comments by the United Nations Committee on the Rights of the Child in its first report on New Zealand highlighted the need for such a study. The Committee said it was:

[1] See for example, Bale and Dale, 1998; Evans, Grimes, and Wilkinson, 1996; Schick, 1998; Scott, 1996; Silverstone, Bollard, and Lattimore, 1996.

> concerned that the extensive economic reform process undertaken in New Zealand since the mid-1980s has affected the budgetary resources available for support services for children and their families and that all necessary measures to ensure the enjoyment by children of their economic, social and cultural rights to the maximum extent of the State's resources have not been undertaken (United Nations Committee on the Rights of the Child, 1997. Para. 14).

and went on to recommend that

> the State Party undertake a study on the impact on children, young people and their families of the economic reform process (Para. 26).

Such a study has not been undertaken.

The lack of assessment of the consequences of the reforms for children compounds, and is to some extent a consequence of, the lack of a national strategy for children in New Zealand. The New Zealand Government agreed to prepare a National Plan of Action at the 1990 World Summit for Children. In 1997 the United Nations Committee on the Rights of the Child said:

> The Committee regrets that the State Party's approach to the rights of the child appears to be somewhat fragmented, as there is no global policy or plan of action which incorporates the principles and provisions of the Convention, encompassing all the areas covered by the Convention (Para. 9) . . . . The Committee suggests that the State Party prepare and adopt a comprehensive policy statement with respect to the rights of the child, incorporating the principles and provisions of the Convention, that could provide guidance to all those involved in the support services delivered or funded by the Government (Para. 22).

However it was not until mid-2000 that Government commenced work on a children's policy which is expected to be released in mid-2002.[2]

The information required to assess the impact of the reforms is incomplete. Children have tended not to be the unit of analysis in national statistics, often being submerged in categories of families or households. The Committee on the Rights of the Child (1997) also expressed its concern at:

> the insufficiency of measures to collect disaggregated statistical data . . . especially those belonging to the most vulnerable groups. The absence of qualitative and quantitative information on the status of children makes the assessment of the implementation of the Convention difficult (Para. 13).

The last four years have seen useful official publications on children and youth, families, child health, Mäori (the indigenous people), Pacific peoples, youth, housing, and incomes, which have gone some way towards addressing

[2] The Government released its plan for youth aged 12 to 24 in February 2002 (Harre, 2002). The Agenda for Children is expected to cover those under the age of 18 years and to sit alongside the Youth Development Strategy.

the need for statistically disaggregated information.[3] [4] There are still gaps – for example, there are ongoing changes to definitions of ethnicity,[5] there is no official poverty line and limited information on the economic circumstances of children, and little information that describes the circumstances of children over time. Other problems are that available information uses an inconsistent variety of age ranges; there is little quantitative information about the situation of some groups of children, including Pacific children, Asian children, rural children, and children with disabilities; there is little information on trends in violence against children; and information does not often reflect the values, experiences and views of Mäori, nor of children.

There are other difficulties in making a retrospective evaluation of the impact of the reforms on children:

- What would have happened to children without the reforms, or if a different course had been taken, is unknown.
- The reforms were extensive and complex and it is difficult to untangle the consequences of specific changes.
- Associations can be shown between events and trends in the well-being of children, but there is not the evidence to demonstrate cause and effect relationships.

Despite these limitations, it is possible to describe what happened to children during the reforms, and consider the extent to which reforming governments took account of the best interests of children and responded to evidence of problems affecting children.

Section 2 of this paper provides background including the context of the reforms, the ethnic diversity of the childhood population, and the position of Mäori in relation to the reforms. Sections 3 to 7 describe what happened in family incomes, housing, child health, education, and child protection and youth justice, by outlining the reforms and trends in the well-being of children in each area. Conclusions are drawn in Section 8.

In New Zealand the term 'children and young people' or 'children and youth' is commonly used to refer to those up to the age of adulthood, sometimes including young adults. This paper, because it is for an

[3] Howden-Chapman and Tobias, 2000; Ministry of Health, 1998c; Ministry of Health, 2001; Ministry of Pacific Island Affairs, 1999; Ministry of Social Policy, 2000b; Ministry of Social Policy, 2001b; Ministry of Youth Affairs, 2001; National Health Committee, 1998; Social Policy Agency, 1999; Statistics New Zealand, 1998b; Statistics New Zealand, 1998c; Statistics New Zealand, 1999a; Statistics New Zealand, 1999b; Statistics New Zealand, 2000; Statistics New Zealand and Ministry of Youth Affairs, 1998; Te Puni Kokiri, 1998a; Te Puni Kokiri, 2000.

[4] The Paper uses information available up to May 2002.

[5] Ethnicity has been usually self-defined, but until 1995 records of births and deaths defined ethnicity on the basis of biological descent. There have been different questions about ethnicity at the last five Censi. People identifying with more than one ethnic group have generally been classified into one group only based on a priority system, although this has changed recently with Statistics New Zealand reporting the total of responses.

international audience, uses the term 'children' to refer to those up to the age of 18 years, which is the age group covered by the United Nations Convention on the Rights of the Child.

# 2. New Zealand in a Time of Change

## ▪ 2.1 *Children in New Zealand*

New Zealand is a small industrialized country in the south-west Pacific with 3.90 million people. The population is relatively youthful for an industrialized society, with a higher proportion of children than Australia, Canada, France, Hong Kong, Japan, Singapore, Sweden, the United Kingdom, and the United States. Twenty-seven per cent are under the age of 18 years. Twenty-nine per cent of people live in the Auckland urban area in the North Island and a further 42 per cent live in urban areas with 30,000 or more people (Statistics New Zealand, 1999a; Statistics New Zealand, 2000; Statistics New Zealand, 2001a; United Nations Population Division, 1997).

The New Zealand population is distinctive for its ethnic mix. Ethnic and cultural connections of New Zealand with Polynesia span at least a thousand years. There has been substantial European settlement following colonisation in the nineteenth century. Fourteen per cent of New Zealanders identify themselves as being Mäori (the indigenous people); 80 per cent identify with being European; 6 per cent with Pacific peoples; and 6 per cent with Asian ethnic groups (Statistics New Zealand, 2002).[6] [7]

The ethnic diversity of the country is more marked for children. Of those under the age of 18 years, 24 per cent are Mäori, 10 per cent are Pacific, and 7 per cent are Asian. For those under five years of age, 27 per cent are Mäori, 12 per cent are Pacific, and 8 per cent are Asian. The Mäori and Pacific populations are particularly youthful: 42 per cent of all Mäori, and 44 per cent of all Pacific people are under the age of 18 years (Statistics New Zealand, 2000).

Although the proportion of children in the population is predicted to gradually reduce, the numbers of Mäori, Pacific and Asian children are expected to increase with half of all children under 5 years being able to identify with an ethnic group other than European by 2010. Half of all children under 18 years will be able to identify with an ethnic group other than European in 2016, with 27 per cent of children being Mäori, 13 per cent being Pacific and 11 per cent being Asian (Statistics New Zealand, 2000). The growing diversity of the population is a reflection of the different patterns

[6] New Zealand has an increasing Asian population, many of whom have arrived in the last decade. There is a paucity of statistical information about Asian children in New Zealand.

[7] These categories are not mutually exclusive and a person may identify with more than one category.

of fertility and immigration among New Zealand families (Shirley, Koopman-Boyden, Pool, and St. John, 1997b).

Family structures have also changed. The proportion of children living with one parent is high. In 1981 twelve per cent of all children under 15 years were in one parent families. In 1986 sixteen per cent of all children under 15 years – and 26 per cent of Mäori children and 20 per cent of Pacific children – were in one parent families. In 1991 twenty-two per cent of all children under 15 years – and 40 per cent of Mäori children and 28 per cent of Pacific children – were in one parent families. In 1996 twenty-four per cent of all children under 15 years – and 41 per cent of Mäori children and 29 per cent of Pacific children – lived in one parent families (Statistics New Zealand, 1995; Statistics New Zealand, 1999a).[8] The proportion of children living in one parent families rose substantially over the period of the economic and social reforms and is high by international standards.

## ▪ 2.2 *The economic and social reforms*

For much of last century, public policy in New Zealand was primarily concerned with the needs of families. Economic management was geared towards maintaining family incomes and very high levels of employment. The 1935 Labour Government[9] introduced welfare measures in the wake of the Depression, convinced that the state needed to provide support for those adversely affected by the fluctuations of a market economy (Gustafson, 1986). State provision was to protect families in times of adversity and provide goods and services outside of, or at least alongside, the market place. The social welfare system promoted and supported child rearing and provided significant income transfers to families in all income groups. Health care was free or substantially subsidised for all children. State rental housing and subsidised mortgages aimed at accommodating significant population increases. By the late 1970s, all levels of education, other than pre-school education, were funded almost entirely through taxation. Families – and consequently children – occupied a high priority in policy setting. Nevertheless, poverty, abuse and neglect, and the consequences of racism and sexism, blighted the lives of many children.

The proportion of the population under the age of 15 years was 33 per cent in 1961, but by 1986 this had fallen to 24 per cent (Statistics New Zealand, 1997). The declining proportion of children in the total population was

[8] Mäori and Pacific children are more likely than European or Asian children to live in extended families within the one household (Davey, 1998). However official statistics are based on a nuclear family model. Some households counted as "one parent" include several adult members of the extended family living with the children.

[9] Government has been dominated by two major political parties: the Labour Party which is centre-left, and the National Party which is centre-right and has held power for almost two thirds of the time since 1935.

paralleled by a move away from families as the central focus of social and economic policy. The growing proportions of children in one parent and non-European families, and thus outside the normative culture, contributed to this loss of focus.

Rising incomes and increasing economic development up to the late 1960s cemented a workable consensus in favour of an active state supporting families through a mixture of targeted and universal programmes. Rather than relying on benefits, the welfare state emphasised full employment, and flattening differences between income groups through national wage fixing and fiscal transfers through the tax system. In the late 1960s it was recognised that benefits levels were declining through inflation and that the welfare system had fallen behind more comprehensive systems put in place in other countries. Between 1967 and 1976 New Zealand developed a series of initiatives, generally supported by both major political parties, National and Labour. New programmes included a comprehensive no fault accident compensation scheme; setting social assistance at levels which allowed beneficiaries to participate in their community; income benefits for single parents; new child welfare legislation; a new social security scheme for older people; and new tertiary educational benefits and work training schemes. As a result, expenditure on welfare increased significantly from the early 1970s.

An increasing commitment to social welfare was not, however, matched by a steady rise in economic performance.[10] Deterioration in terms of trade increased when the United Kingdom joined the European Economic Community in 1973 and progressively closed the door on New Zealand's leading market for unprocessed agricultural produce. New Zealand was also badly affected by the stagflation and the energy crises of the period. By the early 1980s, the country was facing increasing economic problems and calls for economic reforms came from most quarters.[11]

The reforms that followed were comprehensive and dramatic. From 1984 to the mid-1990s change was rapid and radical. The pace then slowed and has been more evolutionary (OECD, 1999). The reforms restructured the economy, the welfare state, and the public sector. They were characterised by an ideological framework of neoliberalism. Changes to the organization of the public sector have been of particular interest to international observers. The

[10] New Zealand's economy relies heavily on international trade, led by earnings from agricultural and pastoral production, and tourism. There is a large service based sector.

[11] In the early 1980s Government resisted growing demands from both the right and the left to introduce major economic reform. Levels of public debt rose significantly, inflation grew to unprecedented levels and the country was faced with levels of unemployment that were unknown since the Depression. The Government invested heavily in energy substitution projects, almost all of which proved economically unsound. While there were some attempts to reduce the high rate of tariff control between New Zealand and its overseas markets, particularly with closer economic relationships with Australia, the New Zealand economy remained significantly protected and highly regulated. The National Government resisted attempts to introduce structural reforms, and instead relied on a futile price freeze prior to losing the 1984 election.

successful introduction of rapid change has been attributed in part to the public sector reforms having a consistent ideological framework, based on public choice theory, principal-agent theory, transaction-cost theory, and new public managerialism (Bale and Dale, 1998; Boston, Martin, Pallot, and Walsh, 1991).

After the 1984 election, the new Labour Government accepted Treasury advice that substantial reform was essential. The Government largely implemented the Treasury programme that, for political and practical reasons, explored no other alternatives. Treasury advice to incoming Governments in the election years of 1984, 1987 and 1990 stressed the necessity of continuing with the dramatic reform process. Since 1996, Governments have been more ambivalent towards continued reform, but have not made substantial changes in economic management.

The 1984 Government undertook a rapid liberalisation of the New Zealand economy, with removal of the price and wage freeze, devaluing and then floating the New Zealand dollar, and removal of all foreign exchange controls. It also began corporatising some government departments into state-owned enterprises, which were to be commercially profitable and have separate funding for any social objectives (Boston, 1995; Cheyne, O'Brien, and Belgrave, 2000; Easton, 1996; Easton, 1997a; Easton, 1997b; Kelsey, 1997; Shirley, Koopman-Boyden, Pool, and St. John, 1997a).

The Government accepted Treasury arguments that, in a deregulated economy, levels of personal and company taxes should be lower to promote economic growth and encourage foreign investment. In 1986 the top tax rate for the better off was reduced from 66 per cent to 48 per cent. A 10 per cent Goods and Services Tax was introduced with no exemptions. The Government announced far-reaching tax and social welfare reforms in 1987, largely ignoring the ongoing deliberations of the Royal Commission on Social Policy.[12] The top tax rate was reduced to 33 per cent in October 1988 and the Goods and Services Tax increased to 12.5 per cent in 1989.[13] The Government argued that the costs of maintaining the welfare state meant that New Zealand could no longer compete in the international marketplace, and that taxation and government spending needed to be reduced and individual and family responsibility promoted. Targeting entitlements to benefits and services, and deinstitutionalisation of services, would ensure government support to those considered by the Government to be at greatest risk.

From 1987, state-owned enterprises were progressively privatised. Subsidies to farmers were eliminated. In 1989 new structures for local government were introduced. The Reserve Bank Act 1989 made the

[12] The Commission reported in 1988, but those planning the changes to the welfare and tax systems largely ignored its existence.

[13] Some of the other reforms that the Government announced in 1987 were later abandoned, including a low, single flat rate of income tax, and a Guaranteed Family Income.

achievement of price stability the only criterion for economic management and gave the central bank responsibility for keeping inflation between 0 and 2 per cent (widened to between 0 and 3 per cent in 1997).

In 1990 the newly elected National Government embarked on a further radical rethink of the welfare state (Boston and Dalziel, 1992; Boston, Dalziel, and St John, 1999). The labour market was deregulated, and new tests of welfare provision eliminated many of the remaining universal elements of the welfare state. Benefit levels were reduced substantially, trade unions weakened, fees for tertiary education increased dramatically, and all areas of health, housing and social service delivery restructured.

Whereas the Labour Government was ultimately confused about its social policy direction, National presented a clear programme, outlined in its 1991 Budget statements (Boston and Dalziel, 1992). Social assistance was to provide a 'modest safety net' only, aimed at meeting individuals' basic needs but set sufficiently low to act as a strong incentive for people to stay in, or enter, the workforce. Promises to do away with means testing for superannuation and fees for tertiary education were abandoned. User charges ('out of pocket' payments) were increased for health and some other government services. Like Labour's economic reforms, National's new social policy was introduced after electoral success, and was not the subject of widespread political debate. Cabinet took the opportunity to turn the welfare state around, reduce government spending, promote individual responsibility, and attack 'dependency' on the state (Richardson, 1995).

The changes had a profound effect on the delivery of social services and access to entitlements for many children and their families. National's reforms replaced the assumptions of the 1972 Royal Commission on Social Security that beneficiaries were entitled to a standard of living that allowed them and their children to participate in society without stigma (Royal Commission of Inquiry on Social Security in New Zealand, 1972). The 1991 benefit cuts were introduced without research into what might be their impact on the living standards of beneficiaries or effects on children (Cheyne et al., 2000). The primary concerns were reducing expenditure and creating stronger incentives for participation in the workforce. It was assumed that benefit rates were keeping wages at the lower end of the spectrum artificially high, limiting the potential for new jobs and therefore contributing significantly to increasing rates of unemployment.

Treasury argued that the benefit reforms contributed to the economic recovery by 1993, but others maintained that the changes made the recession far deeper than it needed to be and contributed to more extensive unemployment in the medium term (Easton, 1997b; Kelsey, 1997). The burden of adjustment was carried by those in the lowest income deciles, while later the fruits of the recovery given in the form of tax cuts were received disproportionately by those in the highest deciles (Dalziel and Lattimore,

1999). The voluntary sector became increasingly stretched, attempting to deal with growing poverty in a climate of government rationing and withdrawal.

The pace of reforms slowed in the mid-1990s. Proportional parliamentary representation was established in 1996 after two referenda. The 1996 National-dominated coalition Government was forced to negotiate legislation with coalition partners and minority parties. This provided a check on policy innovation, while also allowing the structural reforms introduced since 1984 to be cemented in place. Reforms from 1996 to 1999 continued to encourage economic independence from the state and provided a model for the market-led delivery of social services (Boston, 1995; Boston et al., 1999; Easton, 1997a). Institutional separation of funding and provider agencies allowed competitive tendering for services. Consultation rounds with agencies and communities had limited success and were often seen as tokenism. In 1998 all remnants of income tests for state superannuation were removed making it a universal pension (in contrast to the tight targeting of support for families with children).

In the mid-1990s there was growing concern about what was happening to children. The Government recognised that the plight of some children might require active intervention and established an initiative called 'Strengthening Families'. This involved education, social welfare, health and other government services, and aimed to improve co-ordination and casework to better deal with the interacting problems of children brought to the attention of at least one of the services. Various pilot schemes were introduced, including 'best practice' models to improve interagency communication within localities, a programme based on the Hawaiian Healthy Start model to identify and support 'at risk' families with young children in specific communities, and placing social workers in some schools.

Although there was increasing awareness of children's issues, the health and superannuation needs of older people and a gradually ageing population, were given much more political prominence than the needs of children, young people and their families (Shirley et al., 1997a). The impact of increasing inequality and chronic unemployment on families received limited policy responses. Children's issues were often merged with the needs of other marginalised groups: people on low incomes, single parents, Mäori, and Pacific peoples.

In late 1999, a Labour-Alliance Government was elected, both parties having promised to pay greater attention to children and social issues. This coalition Government moved away from the ideology of the reforms to a more pragmatic and centrist approach. Economic policies have moved "towards an inclusive economy" (New Zealand Treasury, 2001) and "a social development approach" (Ministry of Social Policy, 2001a). Tax rates were

increased by an additional 6 cents per dollar for income over $60,000.[14] The advice being provided by key government agencies such as Treasury has reflected this shift away from market rigor to social policy outcomes.

From the middle of the 1990s the economic reformers have become more politically isolated, as conservative politics became more pragmatic in anticipation of the introduction of proportional representation. Both major parties have largely repudiated the extreme market-driven approach to social policy of their recent predecessors. The reformers have continued to argue that New Zealand's lacklustre economic performance is the result of political failure to continue with privatisation and welfare reform. From the late 1990s this viewpoint has become increasingly isolated.

The success of the reforms in improving the economy has been the subject of some debate (Dalziel, 2002; Easton, 1997b; Evans et al., 1996; Kelsey, 1997; Silverstone et al., 1996). A report by staff of the International Monetary Fund noted:

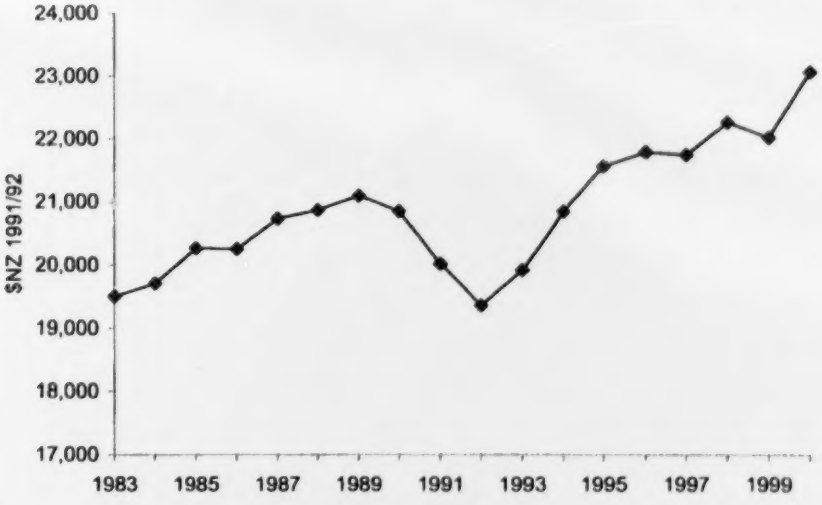
> An issue that has preoccupied policy-makers and observers alike is why, in spite of the wide-ranging macroeconomic and structural reforms implemented since the mid-1980s, growth in New Zealand has not been sufficiently high to narrow the gap with its OECD counterparts (Kochhar, Cardarelli, Gruenwald, and Wade, 2000, p. 4).

Between 1986 and 1999 the OECD average growth of real Gross Domestic Product per person was 29 per cent. In New Zealand it was 9.5 per cent. Another measure comes from looking at the Real Gross National Disposable Income[15] per person. This rose at an average of just below 1.0 per cent per year between 1986 and 2000. The increase was not steady and there was a fall in Gross National Disposable Income per Capita between 1989 and 1992 when it was lower than it had been in 1986 (Ministry of Social Policy, 2001b).

[14] The paper gives some figures in New Zealand dollars. In early 2002, the exchange rate fluctuated around one New Zealand dollar to about 41 to 43 American cents.

[15] Real Gross National Disposable Income is defined by Statistics New Zealand as the net income of New Zealand residents from domestic and overseas sources after taking into account income redistribution by way of international transfers, or Gross National Income plus net international transfers (Statistics New Zealand, 2001b).

Figure 1: *Gross National Disposable Income Per Capita, 1983-2000*




*Note:* Earlier figures are not available for this series.

*Source:* Statistics New Zealand.

Treasury staff recently reviewed evidence of the success of the reforms in changing public sector management. They found a consensus about the strengths: the public sector was more efficient in producing outputs, more responsive and innovative and had improved financial accountability and fiscal control. They also reported a consensus that the weaknesses of the reforms were in ensuring the effectiveness of government. The weaknesses included difficulties in aligning outputs with desired outcomes, contracting for outputs, and linking government strategies with spending; conflicts between purchasing and ownership functions; and unforeseen consequences which particularly affected some people and communities (Petrie and Webber, 2001). Schick in his reflections on the reforms commented that "the success, pervasiveness and demands of New Zealand's operations-oriented management regime leave inadequate opportunity for the government to use the budget to promote better allocation or to pursue its strategic visions" (Schick, 2001, p.5). New Zealand may have become better at "doing things right" but not at "doing the right thing".

## ▪ 2.3 *Mäori and the reforms*

The needs of Mäori children are particularly important because of their place as New Zealand's indigenous people, their increasing proportion in the child population, and the disadvantages experienced by many Mäori children. Mäori and, to lesser extent governments, have seen the 1840 Treaty of Waitangi which guaranteed Mäori rights, as having important implications for

Mäori children. Mäori have asserted their rights to determine the future of their own children according to Mäori custom and the collective interests of their whanau (extended family) and hapu (sub-tribe). The role of whanau, hapu and iwi (tribes) is fundamental to the perpetuation of cultural values and practices, and these are the structures that provide ongoing nurturing and protection to Mäori children. They have been severely eroded as a result of colonisation but still exist (Cram and Pitama, 1998).

New Zealand did not forcibly remove children from their families to non-Mäori families and boarding schools, creating 'lost generations' – as was the case in Australia and North America. However from the 1940s to the 1980s a considerable number of Mäori children lost connection with their families through closed adoption, often to non-Mäori families, or through being placed in children's homes or being made wards of the state. In 1988 a report on the Department of Social Welfare, responsible for child welfare, was highly critical of the way the agency operated in its dealings with Mäori. Institutional racism was identified as a major problem with the agency imposing a strongly European cultural perspective on its Mäori clients (Ministerial Advisory Committee on a Mäori Perspective for the Department of Social Welfare, 1988). Some of these issues were addressed in the Children, Young Persons and their Families Act 1989 when more autonomy was given to families to decide their children's well-being, and kinship care was strongly encouraged. More recently there have been deliberate efforts to contract iwi agencies to provide care for children.

Initiatives by Mäori such as Kohanga Reo (early childhood education organised and delivered by Mäori in the Mäori language) have promoted Mäori traditional values, language and culture since the 1980s. These actions, coupled with legislation such as the Children, Young Persons and Their Families Act 1989, have provided some measure of support for cultural needs in government policies about children.

However, the overall picture for the well-being of many Mäori children is bleak. Mäori as a population have been most affected by corporatisation, rising unemployment, and reductions in government transfers. The economic reforms have cut deeply into their extended families' financial and physical well-being, and eroded their ability to participate in cultural institutions such as marae (traditional meeting places). Mäori children are more likely to experience poor health, have higher rates of youth unemployment, and there are persisting disparities in education (Te Puni Kokiri, 2000).

Government responses to these problems have been to encourage familial and tribal economic independence from the state. Mäori have also seen opportunities in the reform process to break non-Mäori control over social services for Mäori and advance self-determination (Cheyne et al., 2000; Durie, 1998; Kiro, 2000), and iwi have seen the devolution of government services as a means to strengthen tribal economies and services. Through

these policies and through their own tribal and community efforts, Mäori have developed much greater capacity to provide health and social services to Mäori. It is as yet too early to know the impact of these initiatives on positive health and social outcomes for Mäori (Kiro, 2001).

# 3. Family Incomes

The incomes of families with children have been affected by changes in social assistance, taxation and employment. The following sections describe aspects of the reforms which directly affected the incomes of families with children, and trends in employment (which is of course a major determinant of the resources available to children), inequality, and poverty and deprivation over the period of the reforms.

## ▪ 3.1 *The reforms and family incomes*

In the 1950s and 1960s New Zealand had one of the highest living standards in the industrialized world. Almost all children had one parent in work. Social policy was aimed at ensuring an adequate family income based on a single wage, supplemented by income transfers. There were means tested benefits for the few people unable to find work and those unable to work because of illness or disability. The Accident Compensation Act 1972 abolished rights to sue for compensation and instead provided a benefit of up to 80 per cent of earnings prior to the accident which was not means tested.[16] From 1973 sole parents were eligible for the Domestic Purposes Benefit which was means tested but without much pressure to enter paid employment. These benefits were introduced in a time of full employment. In the mid-1970s, despite continuing political commitment to policies of full employment, New Zealand faced rising levels of structural unemployment. After 1984 the goal of full employment was abandoned and a number of government supports for full employment were withdrawn. State sector reform led to massive reductions in employment in government trading concerns as these were corporatised and then privatised.

In the 1990s Government employment policy was primarily concerned with reducing competition between wage rates and benefit levels, encouraging a return to work by reducing income support, and reducing trade union influences on wage levels. The Employment Contracts Act 1991 was the pivotal change in labour market policy. The Act abolished compulsory unionism, decentralised wage bargaining, and realised labour market 'flexibility' by making individual contract negotiations rather than collective agreements the norm for employment. The Act was introduced during a major

[16] Non-earners caring for children, and adults who had been injured as children, did not receive income compensation, but were entitled to medical and rehabilitation services.

recession and although the number of jobs has risen, much of the rise has been in casual and part-time jobs. Despite the repeal of the Act in 2000 and its replacement with the Employment Relations Act, the impact of industrial legislation on economic performance and conditions of work in the 1990s may be less than that argued by employer and employee advocacy groups. The new legislation gave greater recognition to trade unions in employment relations and put much more emphasis on good faith bargaining between trade unions and employers.

As unemployment rose, policies shifted from promoting work and employment to maintaining social well-being for the increasing number of families without a market income through means tested unemployment benefits. The increasing costs of unemployment had a flow-on effect for other groups receiving other forms of income assistance which were being seen as quasi unemployment benefits.

In 1991 the Government decided to reduce all benefit levels, arguing that all benefits were a major cause of unemployment because they kept wage rates artificially high and provided a disincentive to work. The universal child benefit was replaced by income support though the taxation system targeted to low income families. Most benefits were cut by between 5 and 27 per cent and eligibility criteria were tightened. The upper age for the lower level youth unemployment benefit was extended to 25 years, and tertiary student allowances for those under 25 years became fully dependent on parental income. There were larger cuts for parents on the Domestic Purposes Benefit, unemployed people under the age of 25 years, and unemployed people with children, than those who were invalids or unemployed people without children (Stephens, 1999). The eligibility for unemployment benefits and training allowances for young people became increasingly restricted (St John and Rankin, 1998). In 1993 New Zealand provided less financial assistance to families with children than most other OECD countries when this was related to per capita earnings levels. The lack of generosity increased for families with more children (Stephens and Bradshaw, 1995). In 1996 child tax credits were introduced that were only available to 'working' families.

Although workers have been entitled to one year's unpaid parental leave, New Zealand had no provision in law for paid parental leave on the birth or adoption of a baby until the end of the millenium. In 1999 a means-tested tax credit for eight weeks after the birth or adoption of a baby was introduced.

People at the top of the income distribution benefited from the combination of tax cuts, rising pay for 'skilled' work, stable low inflation and rising asset values (such as home ownership). At the other end, unemployment bit deeply and income tax cuts have been insubstantial with the bottom threshold income level for tax remaining unaltered since 1986. The introduction of indirect taxation through the Goods and Services Tax was initially compensated for by benefit increases but later these were taken away

in benefit cuts. The elimination of subsidies, increasing user charges for health and other government services, increases in the costs of education and housing, and requirement that in the future people must increasingly provide for their own superannuation, all added increased burdens on families with children. The introduction of work tests for beneficiaries, the refusal to extend the Independent Family Tax Credit to beneficiary families, and reductions to the Child Care Subsidy unless the parent is in work or full time education, illustrate that policies were being driven by the value of independence from state support through paid employment, rather than the value of children being cared for by their own parents.

The move from universalism to targeting of benefits produced a complex set of benefits and there is evidence that many families do not access their entitlements (Boston and St John, 1999; Child Poverty Action Group Aotearoa New Zealand, 1996; Ministry of Housing, 1996; St John, 1996; St John, Dale, O'Brien, Blaiklock, and Milne, 2001; St John and Rankin, 1998).

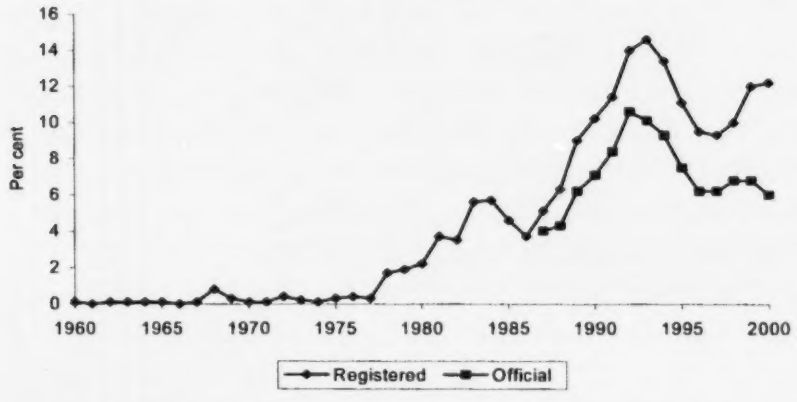
Non-government organisations increased their services to families in response to increasing poverty, while at the same time their funding from government was reduced and their contracts tightened. During the 1990s many churches and non-governmental organisations established 'foodbanks' which provided gifts of food to the growing numbers of people who could not afford to buy food.

After the election of the Labour-Alliance Government in 1999 some of these policy directions were reversed. Work tests were abolished. The minimum wage was raised. There was an increase in the upper tax rate for those on higher incomes from 33 to 39 per cent. Rents for low-income families living in state-owned housing were reduced. Twelve weeks paid parental leave is being introduced in mid-2002 and about two-thirds of working women having or adopting a baby are expected to be eligible. The benefit reductions have remained largely unchanged. The Government established a large superannuation fund in 2001, which is intended to guarantee universal pensions for older people in the future. The substantial costs of this fund are expected to constrain other options in government expenditure, including health and education. Despite these recent changes, however, what improvements there have been for low- income families with children have been primarily the result of declining unemployment rates and changes in housing assistance for some.

## ▪ 3.2 *Trends in employment*

Employment opportunities for parents affect the incomes available for children and impact on young people entering the workforce. Unemployment rates peaked in the early 1990s (Figure 2).

Figure 2: *Unemployment rates, 1960 – 2000*

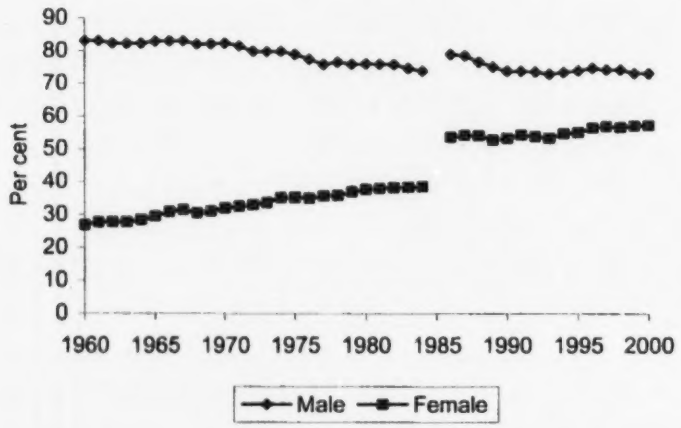



*Note:* Dalziel and Lattimore, the source for this information, explain that the 'official' unemployment rate is constructed from the definition of an unemployed worker used by the International Labour Organisation as a person not in employment who is both available for work and actively seeking work. The unemployment rate is the number of unemployed divided by the number of unemployed and employed workers (the labour force). The data for the official unemployment rate come from the Household Labour Force Survey that was introduced in December 1985. The registered unemployment rate is an estimate based on the number of people registered as unemployed with the Department of Labour divided by the labour force recorded in the Quarterly Employment Survey. The authors note that the registered unemployment rate 'overstates the official measure (Dalziel and Lattimore, 1996, p. 17) but follows a similar trend'.

*Sources*: Dalziel and Lattimore, 1996; Dalziel and Lattimore, 1999; Statistics New Zealand INFOS data.

In common with countries across the OECD, women in New Zealand have increasingly entered paid employment. Labour force participation among women rose steadily but now appears to be levelling off, while participation among men fell with a small increase recently (Figure 3). In 1986 six per cent of males and 30 per cent of females in employment were in part-time work. In 1996 ten per cent of males and 36 per cent of females in employment were in part-time work (Statistics New Zealand, 1999b). In contrast to unemployment, these trends continued unchanged during the reforms.

Figure 3: *Labour force participation for males and females, 1960 – 2000*




*Note:* Dalziel and Lattimore, the source of this information, explain that labour force participation rates show the proportion of the working age population (aged 15 – 64 years) who are employed or who are available for work and actively seeking employment. Estimates of the working age population up to 1984 come from a number of sources including the Quarterly Population Bulletin, Census, Monthly Abstract of Statistics and PC-INFOS. The labour force figures are from the New Zealand Official Yearbook. Dividing the labour force by the working age population gives the pre-1985 estimate of labour force participation. From 1985/86 the figures come from the Household Labour Force Survey. The authors note that 'the Department of Labour series up to 1984 and the Department of Statistics series from 1986 cannot be compared (Dalziel and Lattimore, 1996, p. 74).'

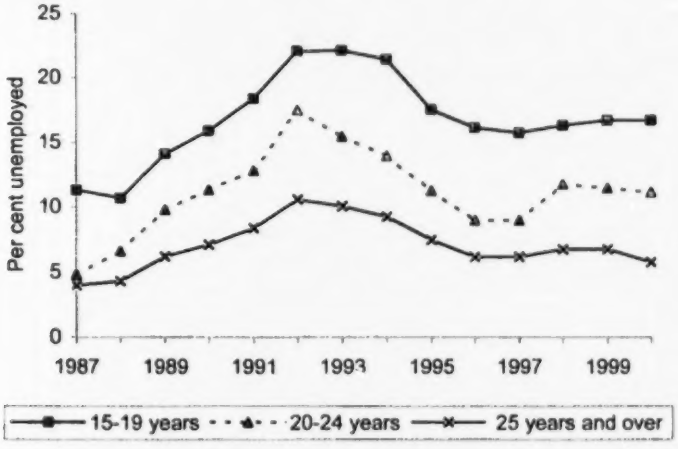
*Sources*: Dalziel and Lattimore, 1996; Dalziel and Lattimore, 1999, Statistics New Zealand INFOS data.

The reforms had a dramatic impact on Mäori employment. Many of the industries in which Mäori were concentrated were restructured and Mäori labour force participation rates fell reaching a low of 52 per cent in 1989. Mäori male and female labour force participation rates have been consistently lower than non-Mäori. Unemployment rates for Mäori reached a high of 29 per cent in 1992 when the Mäori rate was three times the non-Mäori rate and Mäori were three times more likely than non-Mäori to be unemployed for long periods of time (Te Puni Kokiri, 2000).[17]

As Figure 4 shows, the increase in unemployment disproportionately affected youth. The rate of unemployment among 15 to 24 year-olds has been approximately double that of older age groups since 1986, rising to a greater proportion during peaks of unemployment (Social Policy Agency, 1999). At the peak of unemployment in 1992, 48 per cent of Mäori young people aged 15 to 19 were unemployed (Te Puni Kokiri, 2000).

[17] Statistics of Mäori labour force participation have been age-standardised to the New Zealand working age population over 15 years (Te Puni Kokiri, 2000).

Figure 4: *Youth and other unemployment rates, 1987 – 2000*




*Note:* This data is derived by Statistics New Zealand from their Household Labour Force Survey. Earlier comparable figures are not available. The definition of unemployment used refers to people who are unemployed and actively seeking work.

*Source*: Statistics New Zealand, 1999c.

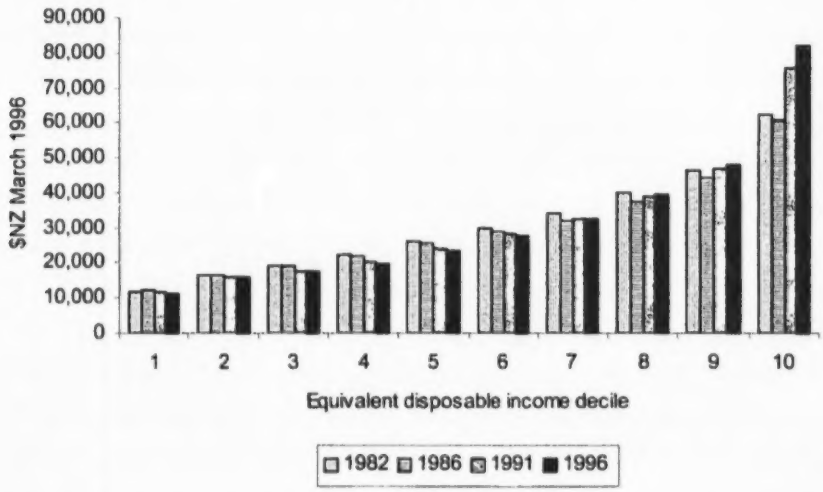
The 1996 census found the unemployment rate for New Zealand as a whole was 8 per cent. However for 15 to 19 year-olds it was 20 per cent, and even higher for young women, and those at the younger end of the age group. There were also ethnic differences. The unemployment rate among 15 to 19 year-olds was 30 per cent for Mäorii, 32 per cent for Pacific young people, 22 per cent for Asian young people and 15 per cent for Europeans. In 1996 those young people who were employed were much more likely to be in part-time work than was the situation in 1986. In 1996 thirty per cent of young women aged 15 to 19 years, and 25 per cent of young men aged 15 to 19 years, who were in employment, were in part-time positions. The corresponding figures for 1986 were 8 and 7 per cent (Statistics New Zealand and Ministry of Youth Affairs, 1998).

## ▪ 3.3 *Trends in income inequality*

The time period of the reforms is one of growing inequality in New Zealand. Research by Easton found that the result of cuts in the top income tax rates was that the top decile of households had a substantial increase in their share of disposable income in the late 1980s, whereas the shares of the lowest deciles were reduced further by the 1991 benefit cuts (Easton, 1997b). A study by Podder and Chatterjee found that between 1983 and 1995 the bottom 80 per cent of income earners suffered a decline in their incomes relative to the top 20 per cent of income earners, and the top five per cent of income earners received a 25 per cent gain in their share of the national income (Podder and Chatterjee, 1998).

Evidence of growing inequality was supported in a 1999 official report. Statistics New Zealand investigated what happened to households with different incomes over the period 1982 to 1996. One measure used was 'household equivalent disposable income' which calculated the disposable income households had left after receiving income and transfers, less income tax, and using a New Zealand model to adjust for the number of adults and children within each household.[18] The calculations were not able to take into account the increased costs to households of 'user charges' in health and education over that time, nor the regressive effects of the Goods and Services Tax. Figure 5 shows that the income levels of those in the top decile leapt up: an average household in the top decile had a third more equivalent disposable income in 1996 than in 1982. Households in the next decile gained a little, but the income levels fell for all other deciles, particularly among those in the middle income groups (Statistics New Zealand, 1999b).

Figure 5: *Average household equivalent disposable income by household equivalent disposable income decile, 1982 – 1996*




*Source:* Statistics New Zealand, 1999b.

Gini coefficients for household equivalent incomes show an increase in income inequality, which mostly occurred between 1986 and 1991 (Figure 6). The distribution was more unequal for market incomes than for disposable income (showing that transfers and taxes reduced the inequality somewhat) but the trends are the same.

[18] This is the Revised Jensen scale which is comparable to the Luxembourg Income Study 0.5 scale but ranks one parent households higher in the income distribution scale, and multi-adult households lower. If a poverty line was defined, there would be fewer households with children under the line using the Revised Jensen scale than there would be using the Luxembourg Income Study 0.5 scale (Statistics New Zealand, 1999b, Appendix 1).

Figure 6: *Gini coefficients for household equivalent market and disposable incomes, 1982 – 1996*

| Type of income | 1982 | 1986 | 1991 | 1996 |
|---|---|---|---|---|
| Household equivalent market income (before transfers and taxes) | 0.384 | 0.395 | 0.469 | 0.478 |
| Household equivalent disposable income | 0.259 | 0.253 | 0.307 | 0.322 |

*Note*: Household equivalent incomes calculated from Revised Jensen Scale.

*Source*: Statistics New Zealand, 1999b, p. 69.

Although there are difficulties in making comparisons across countries, Figure 7 shows that "the increase in inequality in New Zealand from 1982 to 1996 appears to have been as large as, or larger than, that in other countries for which similar data is available (Statistics New Zealand, 1999b, p. 95)".

Figure 7: *International comparison of Gini Coefficents, 1982 – 1996*

| **Country** | **1970s** | **Year** | **Mid-80s** | **Year** | **1990s** | **Year** |
|---|---|---|---|---|---|---|
| Australia | 0.291 | 1976 | 0.312 | 1984 | 0.306 | 1994 |
| Belgium | | | 0.259 | 1983 | 0.272 | 1995 |
| Canada | 0.283 | 1975 | 0.289 | 1985 | 0.284 | 1994 |
| Finland | | | 0.210 | 1986 | 0.230 | 1995 |
| France | 0.296 | 1979 | 0.298 | 1984 | 0.291 | 1990 |
| Germany (1) | | | 0.265 | 1984 | 0.282 | 1994 |
| Italy | | | 0.306 | 1984 | 0.345 | 1993 |
| Netherlands | 0.230 | 1977 | 0.234 | 1985 | 0.253 | 1994 |
| **New Zealand** | **0.269** | 1982 | **0.264** | 1986 | **0.331** | 1996 |
| Norway | | | 0.234 | 1986 | 0.256 | 1995 |
| Sweden | 0.232 | 1975 | 0.216 | 1983 | 0.230 | 1994 |
| United Kingdom (2) | 0.280 | 1981 | 0.330 | 1987 | 0.330 | 1996 |
| United States | 0.313 | 1974 | 0.340 | 1984 | 0.344 | 1995 |

*Note:* In this table, the New Zealand Gini Coefficient is calculated using the Luxembourg Income Study scale. Statistics New Zealand, the source of this information, comment "(1) It is not clear from the reference whether this is West Germany, or the combined Germany, or West Germany in 1984 and the combined Germany in 1994. (2) The UK reference is from an Office for National Statistics (ONS (1997)) publication, which uses similar methodology to the OECD report. The Gini coefficients are quoted to two decimal points in this ONS publication ." (Statistics New Zealand, 1999b, p. 94)

In 1997 New Zealand ranked fifth in the OECD in income inequality (behind Turkey, Mexico, the United States and Portugal) as measured by Gini coefficients based on per capita household income (G. Brown, personal communication, 2002).

Other official studies have confirmed the rise in income inequality. The Treasury commissioned research to look for what accounted for the changes in income inequality. The research confirmed that income inequality rose most in the late 1980s, but continued to increase during the 1990s with the proportion of middle-income households falling and the proportion in the low income and top income bands increasing. About half of the rise in inequality could be explained by changes in household composition (including the rise in one parent families and older households without children), and changes in the age-mix, employment status and qualifications of the population. About half of the rise in inequality was not explained by these factors, and may be explained by other influences including changes to tax and social assistance (O'Dea, 2000).

Another official study of trends in household incomes from 1981 to 1998 found that household incomes fell in real terms during the 1980s and were at their lowest between 1992 and 1994. They recovered but not to the levels they were in the 1980s. The recovery was greatest for the higher income households and the gap between high and low income households widened. Households with children were more likely to be in the bottom two-fifths of income distribution, and this was particularly so between 1992 and 1994, and for one parent families (Mowbray, 2001).

## ▪ 3.4 *Trends in poverty and deprivation*

New Zealand does not have an official poverty line.[19] However, Easton (1995) developed a poverty line based on recommendations of the 1972 Royal Commission of Inquiry on Social Security for the level of income benefits. He found that the numbers of poor people did not change much between 1981/82 and 1989/90 when there were about 430,000 people below this line. The numbers increased to 593,000 in 1991/92 following the benefit cuts of April 1991. He also used alternative higher and lower poverty lines and found that, depending on what line was used, the numbers of poor people increased by between 26 and 55 per cent from 1989/90 to 1991/92. Easton used information supplied by the Social Policy Agency (Mowbray, 1993) about household equivalent disposable income deciles for 1992/93, and concluded that the largest group of poor were children and their parents: 29 per cent of all children under the age of 15 years were in the bottom income quintile in 1992/93.

[19] The Ministry of Social Development has commenced work on ways of measuring poverty in New Zealand.

Another measure of poverty came from the New Zealand Poverty Measurement Project (Stephens, Waldergrave, and Frater, 1995) that used focus group methodology to establish a minimum adequate household expenditure. This gave an estimate of 393,000 people living below such a poverty line in 1993, of whom 186,000 were children under the age of 18 years. The Project also used a relative measure of poverty, based on 60 per cent of median household equivalent disposable income and an initial analysis found that for each year from 1994 to 1996, 20 per cent of children under the age of 18 years, and 10 per cent of adults, lived in poor households (Stephens, 1999).

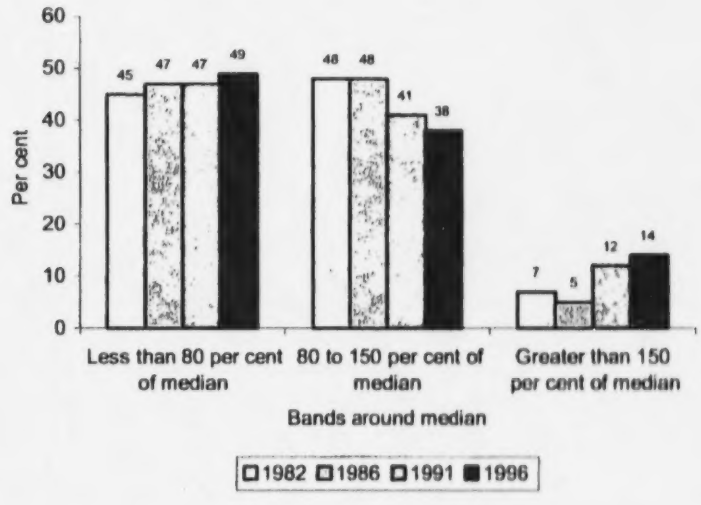
Statistics New Zealand also found that children are much more likely than adults to live in low income households. Their measure of household equivalent disposable income showed that in 1996 twenty-six per cent of all children and young people under the age of 18 years (or under the age of 22 years if in full-time education)[20] were in the bottom income quintile and 23 per cent in the next-to-bottom quintile. Only 11 per cent were in the top quintile (Statistics New Zealand, 1999b).

Statistics New Zealand investigated the distribution of household income among the households in which children and young people live. Households were split into three groups – those with household equivalent disposable income less than 80 per cent of the median, those with equivalent disposable income which was within 80 to 150 per cent of the median, and those with household equivalent disposable income over 150 per cent of the median. Figure 8 shows how between 1982 and 1996, the proportion of children and young people in both low and high income households increased, and the proportion in middle income households fell (Statistics New Zealand, 1999b).

As Mäori are more likely to live in low income and one parent households, the impact of ethnicity increases the effects of inequality for each of these groups. In 1982 twenty-seven per cent of all Mäori were in the bottom income quintile. This was about the same in 1986 (26 per cent) but rose considerably in 1991 when over a third of Mäori (34 per cent) were in the bottom income quintile. In 1996 twenty-eight per cent of Mäori were in the bottom income quintile, and just under half of Mäori (compared to about a third of Europeans) lived in households with an equivalent disposable income less than 80 per cent of the median (Statistics New Zealand, 1999b).

[20] This is an unusual age range and differs from definitions of children used in other publications by Statistics New Zealand on children (Statistics New Zealand, 1999a) and housing (Statistics New Zealand, 1998c). Young adults aged 18 to 21 years who are in full-time tertiary education – and included in the definition of children in the Statistics New Zealand study of incomes – would seem to be more likely to be in better off households than other young adults, and so the incomes study may show a lower proportion of 'children' living in poverty than if the age range was confined to children under 15 or 18 years. However, the strength of this work is that children and young people, rather than households with children, were the 'unit of analysis'.

Figure 8: *Distribution of children and young people, classified by their household income, 1982 – 1996 (relative to bands around the median of household equivalent disposable income)*

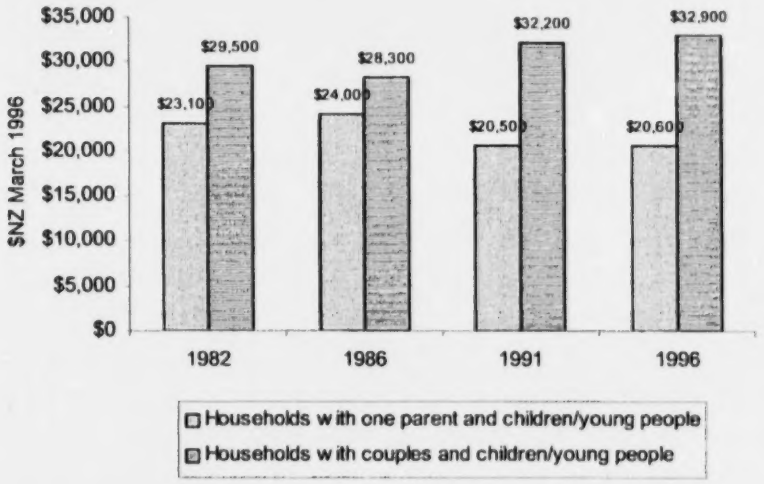



*Note:* The age group described is those under the age of 18 years or under the age of 22 years if in full-time tertiary education. The median household equivalent disposable income fell from 1982 to 1996.

*Source*: Statistics New Zealand, 1999b.

Children living in one-parent families – who make up a quarter of all children – have been particularly affected. Figure 9 shows how the economic situation of the average one parent household with a child or children and young people improved between 1982 and 1986, but then deteriorated, whereas that of the average adult couple household with a child or children and young people, has improved since 1986.

*Figure 9:* Average household equivalent disposable income of one parent, and couple households, with children and young people, 1982 – 1996.




*Note:* The age group described is those under the age of 18 years or under the age of 22 years if in full-time tertiary education.

*Sources*: Statistics New Zealand, 1999b, and special run from Statistics New Zealand, 1999.

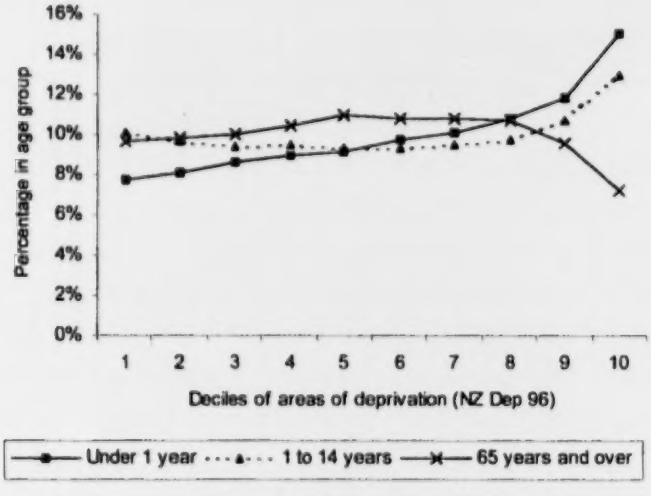
Information is also available about the incomes (before tax and after income support payments) of families[21] with children under the age of 5 years, the period most critical for children's development. A review of incomes by age groups found that younger children were even more likely to be living in the lower quintiles of household income (Davey, 1998). Statistics New Zealand found that in 1996, the median family income (before taxes and after transfers) for all families where the youngest child was under 5 years, was approximately $NZ33,500. Among one-parent families with the youngest child under five years, more than one in three families headed by a Mäori, Pacific Islands or Asian woman had an annual income of no more than $NZ10,000. Among two-parent families where the youngest child was under 5 years, almost one in ten families with Asian parents had an income of no more than $NZ10,000; and more than one in seven with Mäori parents, more than one in five with Pacific Islands parents, and more than one in four with Asian parents, had an annual income of no more than $NZ20,000 (Statistics New Zealand, 1998b).

Another measure that shows differences between groups comes from research that has ranked neighbourhoods by socio-economic deprivation. This provides an alternative measure to income. *NZ Dep 96* is an index of

[21] Families are defined by Statistics New Zealand as two or more people who live in the same household and who comprise a couple, or at least one parental-child relationship, or both. Households may contain more than one family.

deprivation for small areas which is based on analysis of nine socio-economic variables from the 1996 Census, and ranks neighbourhoods into ten deciles from the least deprived (Decile 1) to the most deprived (Decile 10) (Howden-Chapman and Tobias, 2000; Salmond, Crampton, and Sutton, 1998). Children are much more likely to be living in deprived areas – especially the most deprived areas (Figure 10). In 1996 nearly a third (31.6 per cent) of those living in Decile 10 were children under fifteen years. Fifteen per cent of all infants under one year, and 13.0 per cent of children between one and fourteen years, lived in Decile 10 – in comparison to 9.7 per cent of the total population and 7.2 per cent of those over 65 years (Howden-Chapman and Tobias, 2000, calculated from Appendix 2).[22]

Figure 10: *Infants, children and older people: deprivation of areas of residence.*

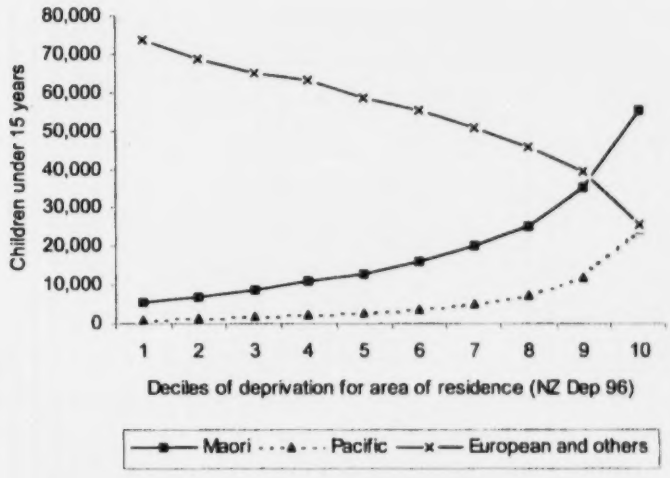



*Source:* Howden-Chapman and Tobias, 2000, calculated from Appendix 2.

Mäori and Pacific children are much more likely to be living in deprived areas (Figure 11). Of the 105,000 children under 15 years living in the most deprived decile in 1996, 55,100 were Mäori and 24,300 were from Pacific ethnic groups (Howden-Chapman and Tobias, 2000, calculated from Appendix 2).

[22] There are equal numbers of small areas in each decile and approximately one tenth of the population – ranging from 10.7 per centof people in Decile 1 to 9.7 per centin Decile 10.

Figure 11: *Deprivation of areas of residence for children under 15 years by ethnicity.*




*Source:* Howden-Chapman and Tobias, 2000, calculated from Appendix 2.

Poverty has seriously limited the opportunities of many children to access education and health care and participate in family activities and their culture (Hassall, 1996a; St John et al., 2001). For Mäori children the effects of poverty have extended to an alienation from their language and culture, as economic hardship limits opportunities to participate in whanu, hapu and iwi, and leads to marginalisation (Durie, 1996).

One effect of poverty on children is that hunger and poor nutrition among children is no longer uncommon (New Zealand Network Against Food Poverty, 1999). In a 1994 national survey teachers estimated that over 22,000 school children were regularly hungry (Food and Nutrition Consultancy Service, 1995). In the 1997 national nutrition survey of people 15 years and over, 14 per cent of people (and half of Pacific people and one third of Mäori), reported that food in their household ran out sometimes or often, due to lack of money. Four per cent of people reported that their household had sometimes used food grants and food banks in the last year because of not having enough food. The respondents most likely to report use of food grants and food banks were Mäori women aged 15 to 24 years – the age group of women with young families (Ministry of Health, 1999b).

## ▪ 3.5 *Summary*

The reforms shifted the focus of economic management away from full employment to price stability. There have been changes in the labour market, cuts in the top tax rates, benefit cuts, and a move from universalism to targeting of social assistance. Inequality and poverty increased during this period. Children have been much more affected than adults, with children

from one parent households, young children, and Mäori, Pacific, and Asian children being most affected.

# 4. Housing

## ▪ 4.1 *The housing reforms*

Housing policy was formerly a major part of state welfare provision in New Zealand. The policy had three parts: heavily subsidised rents; a broad programme of house building across the country; and assistance for most new home buyers through subsidised mortgages. Most public housing was provided by central government, although local government did build and rent some housing for older people. Housing policy was an integral part of the policy of full employment (McLeay, 1992).

In 1991 the state managed almost 70,000 rental properties (Murphy, 1999). The National Government saw previous housing policies as failing to encourage fairness, self-reliance, efficiency, and personal choice (Luxton, 1991). Reforms were announced to ensure equality of treatment among tenants of privately owned housing, house owners paying mortgages, and state tenants. Market rents were introduced over time for state owned housing. The median weekly rent for state sector rentals, which was around half the median rent in the private sector in 1991, increased to close to the private sector median by 1996 (Statistics New Zealand, 1998c). An Accommodation Supplement was introduced in 1993 as the primary mechanism for government housing assistance to low income tenants, homeowners with mortgages and boarders. The state housing stock was reconfigured and over 12,000 Housing New Zealand houses were sold between 1992 and 2000 (L. Murphy, personal communication, 2002).

In late 2000 the Labour-Alliance Government set rentals for state-owned houses at 25 per cent of income for low income families, while retaining the Accommodation Supplement for other low income families in private accommodation. At the end of 2001, about 50,000 households were on income-related rents from Housing New Zealand and another 164,000 households were receiving the Accommodation Supplement (Child Poverty Action Group, 2002). The Labour-Alliance Government has also begun to increase and refurbish the stock of state-owned houses.

## ▪ 4.2 *Trends in housing of children*

Low income families have become increasingly reliant on rental accommodation because they are unable to afford to buy a home. In 1988 one in eight households spent more than 30 per cent of their income on housing

costs. This increased to one in four households by 1998 (Ministry of Social Policy, 2001b).

In 1986 twenty-four per cent of all households were renting and 38 per cent of these households were renting from local or local government. In 1996 slightly more households (25 per cent) were renting but the proportion renting from central or local government fell to 28 per cent. Housing New Zealand, the main state landlord, went from having 24 per cent to 18 per cent of all rented dwellings. Over the same period children became less likely to live in homes owned by their parents and there were increasing ethnic and social differences. The differences in housing tenure between one and two parent families widened. The proportion of children in one parent families living in homes owned (with or without a mortgage) by their parent fell from 52 per cent in 1986 to 44 per cent in 1996. The proportion of children in two parent families living in homes owned by their parents fell less, from 78 per cent in 1986 to 75 per cent in 1996. Pacific, Asian and European children under 15 years of age were less likely to live in a home owned by the occupants (with or without a mortgage) in 1996 than they were in 1986, with the fall being greatest for Pacific and Asian children (a decrease of 8 per cent for both groups). In 1996 fifty-four per cent of Pacific children under 15 years, 45 per cent of Mäori children, 28 per cent of Asian children and 19 per cent of European children lived in rented homes (Statistics New Zealand, 1999a).

The lack of consistent and accessible data on homelessness and housing needs means that problems have often been hidden or not recognised (Milne, 1998). A Statistics New Zealand report used the Canadian National Occupancy Standard to examine overcrowding among those living in permanent dwellings. It found:

> Crowded households were more than twice as likely to have children under 18 years, compared with all New Zealand households. Children were present in over 90 per cent of crowded homes. Younger children were even more likely to be members of households where overcrowding was occurring. About 60 per cent of crowded homes included children under five years, which is more than three times the average for New Zealand households. Out of 115,000 people deemed to be living in crowded conditions, just over 50,000 were children aged under 18 years. This group represented 5.3 per cent of all children in New Zealand (Statistics New Zealand, 1998c).
>
> In addition, there were also around 1,800 children under 15 years living in temporary accommodation such as tents, garages, caravans, and motor camp cabins (Statistics New Zealand, 1999a).

Throughout the 1990s non-governmental organisations, particularly the Council of Christian Social Services (Gunby, 1996; Jackman, 1993; Joint Methodist Presbyterian Public Questions Committee, 1998; Roberts, 1995; Young, 1995), researchers and communities (Mercy House Women's Advocacy Group, 1999; Murphy, 1999; Otara Housing and Health Local Solutions Project, 1999; St John, 1996; Stephens, 1999; Waldegrave, King, and Stuart, 1999) and even some government agencies (National Health Committee, 1998; Te Puni Kokiri, 1998b) raised serious concerns about the effectiveness of the housing reforms and the impact on children and families.

Housing costs are high for many families. One study of low income households, almost all with children, found that nearly three-quarters were paying more than 30 per cent of their income on rent or mortgage repayments, and a quarter were spending half or more of their income on rent or mortgage repayments (Waldegrave et al., 1999). High housing costs have left less money for nutrition, education and access to health services (Waldegrave et al., 1999); and this has impacted on health (Mercy House Women's Advocacy Group, 1999; National Health Committee, 1998). Studies of housing stock in low income communities found that unsafe and unhealthy houses posed many threats to the health of children and their families (Mercy House Women's Advocacy Group, 1999; Otara Housing and Health Local Solutions Project, 1999). A review of the high rates of pneumonia among children pointed out that the increased cost of housing in New Zealand "is likely to have several indirect effects which all contribute to an increased risk of pneumonia" (Grant, 1999). A serious epidemic of meningococcal disease has been found to be associated with overcrowding (see Section 5.2).

The Parliamentary Select Committee on Social Services inquired into sub-standard housing in two rural regions and stated their concerns that poor housing was affecting the psychological well-being, health and educational status of children:

> We . . . heard that a number of issues relating to sub-standard housing can have an especially adverse impact on children. Children are very sensitive to their family environment, and a family facing severe stress (as many would, living in an overcrowded substandard dwelling) can impact detrimentally on the psychological well-being, health and educational status of these children. Another factor is that when school children do not have adequate study/sleeping arrangements, and possibly associated poor health, it is highly likely that this will have a detrimental effect on their attendance at school, if in fact they attend at all . . . . We are particularly concerned about issues relating to children and sub-standard housing. It is essential that children be given the opportunities and environment to give them the best start in life. There are also issues surrounding New Zealand's obligations with international conventions on the rights of the child. For this reason we believe that families with dependent children should be given urgent and high priority in being assisted into better housing (New Zealand House of Representatives Social Services Select Committee, 1999).

It is too early to tell the extent to which the reduction of state house rentals, the increase in housing stock and the refurbishment of some state houses will change the affordability and quality of housing available to the children of low income families. There may be a flow on effect on private rentals, but most low income families do not have access to state houses, and the stock of state houses was deliberately reduced over the 1990s.

### ▪ 4.4 *Summary*

Children – especially children from one parent families and Mäori and Pacific children – have become more likely to live in rented accommodation. Increasing concern about the effects of poor housing and overcrowding have led to the Labour-Alliance Government making changes to increase affordability of housing for some families.

## 5. Health

### ▪ 5.1 *The health reforms*

In the 1980s the publicly owned health services were organised into Area Health Boards which provided hospital and public health services and were overseen by democratically elected boards. Radical restructuring was announced in 1991. The intent of the reforms included improving access to affordable quality health care. A funder-purchaser-provider split was introduced. The Government was the funder with the Ministry of Health producing guidelines for purchasing of services by the four Regional Health Authorities who purchased from publicly and privately owned health services. Publicly owned health services were restructured into companies. A Public Health Commission was set up to provide policy advice and purchase population based public health services. Attempts were made to establish a list of core health services that would be publicly funded but these failed.

Individual contributions to health care cost were extended, so many people paid more towards the cost of their pharmaceuticals, hospital care, and associated services. Low income earners and beneficiaries could apply for a Community Services card that would exempt them from part or all of these payments but there was a limited uptake (Child Poverty Action Group Aotearoa New Zealand, 1996). The Public Health Commission, responsible for public health, was abolished in 1995 and the four Regional Health Authorities were merged into the Health Funding Authority in 1997. Emergency, acute and long-term hospital services have continued to be predominantly provided by the public sector. However elective surgery has been increasingly paid for by individuals using private sector facilities. There was considerable opposition to the health reforms from the public and health

professionals and doubt that the reforms met their stated objectives (Ashton, 1999).[23]

Although child health was identified in 1994/95 as one of the four health gain priorities (Ministry of Health, 1998a), advances continued to be dependent on local patronage within funding and providing organizations. However, free family doctor visits and prescriptions for children under six years of age were introduced in 1997, and there is some evidence that the largest share of this financial benefit accrues to lower income families (O'Dea and Penrose, 1999).

Performance towards meeting the national public health goals and targets for child health was poor. In 1998 there were 16 targets for child health in New Zealand. One had been met, progress had been made on three, three were improving but too slowly, one was static, one was moving away from the target, and insufficient information was available to assess progress with the rest (Ministry of Health, 1998d).[24] In 1998 the Ministry of Health produced a national strategy for the health of children under 15 years (Ministry of Health, 1998b). Also in 1998, the National Health Committee (which provides independent advice to the Minister of Health) expressed serious concerns about the effects of social and economic conditions on health and said that "real improvements in child health require a commitment to improving underlying socio-economic conditions" (National Health Committee, 1998).

A further round of restructuring of the health system was initiated by the Labour-Alliance Government in 2000, abolishing the Health Funding Authority and giving responsibility for funding, monitoring and policy advice to an enlarged Ministry of Health. The emphasis was on returning health services to partially elected District Health Boards that would provide for more local influence. The priority on structural change has meant that less attention has been given to child health. A New Zealand Health Strategy, a New Zealand Disability Strategy and a Primary Health Care Strategy have been released by Government (Dalziel, 2001; King, 2000; King, 2001a), but these fall short of being a comprehensive strategy for children.

[23] New Zealand spends around 8 per centof GDP on health. In 1979/80 88 per centof health expenditure was publicly funded; in 1997/98, 77 per centwas publicly funded. Health expenditure grew 2.7 per centper annum over this time, with the growth in private expenditure being over three times the rate of the growth in public funding (Ministry of Health, 1999a).

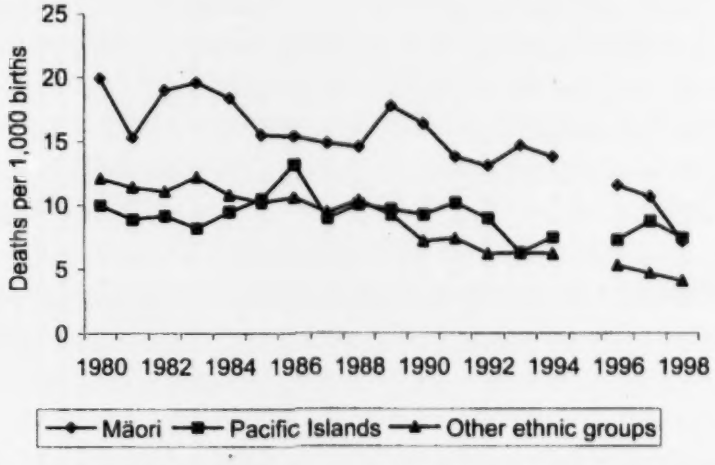
[24] The target that had been met was infant sleep position and the targets on track were reductions in drownings, swimming pool drownings, and child abuse deaths (for which there were only small numbers). The targets on which there was slow progress were reduction in Sudden Infant Death Syndrome and reduction in hearing loss for all children and Mäori children. The target which was static was the incidence of burns and the one moving away from health was hearing loss in Pacific children. The other targets – for reducing burns among Mäori children, improving immunisation rates and reducing other risk factors for Sudden Infant Death Syndrome – could not be assessed because of insufficient data.

## 5.2 *Trends in the health of children*

In 1960, New Zealand's infant mortality rate was fifth lowest in the world. In 1987 it was 22nd in the world and in 2000 it was 19th in the world. In 1960, the under 5 mortality rate was seventh in the world. In 1987 it was 20th in the world and in 2000 it was 19th equal in the world (UNICEF, 1989; UNICEF, 2002b).

Between 1985 and 1994, the infant mortality rate fell from 10.9 to 7.2 deaths per 1,000 live births, and then to 5.4 deaths per 1,000 live births by 1998 (Ministry of Health, 1998c). Trends for different ethnic groups are shown in Figure 12. Changes in the basis for ethnic classification of birth and death records in 1995 mean that it is not possible to compare trends before 1995 with trends after 1995.[25]

Figure 12: *Infant mortality rates for ethnic groups, 1980 – 1998*




*Note:* Data until 1994 is based on biological classification of ethnicity. Data since part way through 1995 is based on parental classification of the baby's ethnicity. Rates are based on small numbers.

*Source:* New Zealand Department of Health and Ministry of Health reports, Fetal and infant deaths, 1980 – 1998.

Māori infant mortality rates are higher than that for Pacific and other ethnic groups. Over the period 1985 to 1994, the Māori infant mortality rate fell from 15.5 to 13.8 deaths per 1,000 live births, but the overall gap between Māori and non-Māori infant deaths increased. In the early 1980s the infant mortality rate for Pacific Islands babies was lower than Māori and the European and other ethnic groups. It increased throughout that decade and,

[25] For example, the change from biological to self definition in birth records in 1995 was accompanied by an increase in the proportion of babies recorded as Māori from 13 per cent to 28 per cent (Statistics New Zealand, 1998a).

although it remained below the Mäori rate, exceeded the rate of other ethnic groups.

The leading causes of infant deaths are Sudden Infant Death Syndrome, congenital anomalies and perinatal conditions. The death rate for Mäori infants has been higher for the major causes of infant death as well as for overall mortality (Ministry of Health, 1998c).

The major decline in infant mortality came from the fall in post-neonatal deaths. New Zealand had the highest rate of Sudden Infant Death Syndrome (SIDS) in OECD countries in the early 1990s (Ministry of Health, 1998c). The SIDS death rate fell by two-thirds in the period 1989 to 1998 – from 4.1 to 1.2 deaths per 1,000 live births in 1998 (New Zealand Health Information Service, 2002).[26] Much of the decline in the total SIDS rate can be attributed to the reduction in the incidence of babies sleeping on their stomachs. This simple change in infant care practices had a greater effect in reducing non-Mäori deaths than Mäori deaths as non-Mäori babies were more likely than Mäori babies to be sleeping on their stomachs (Mitchell and Scragg, 1994). The non-Mäori death rate from SIDS fell by 62 per cent in 1985 to 1994, and the Mäori rate fell by only 13 per cent. The gap between Mäori and non-Mäori SIDS rates actually increased: over this period in 1985 the Mäori rate was twice the non-Mäori rate; in 1994 it was five times the non-Mäori rate (Ministry of Health, 1998c).[27]

The higher mortality rate for Mäori children continues beyond infancy and is also seen in deaths from road traffic accidents, child pedestrian injuries, other injuries, respiratory disorders and infectious diseases. Although the mortality rate in the 0 to 14 age group fell from 116 to 76 per 100,000 between 1980 and 1994, the rate among Mäori children, which was initially higher, fell relatively less and the gap between Mäori and non-Mäori increased (Ministry of Health, 1998c).[28]

Injuries and poisonings account for nearly half the deaths of children from one to 14 years of age (Ministry of Health, 1998c). The Innocenti Report Card, *A League Table of Child Deaths by Injury in Rich Nations*, found that New Zealand's performance was fifth worst in the OECD (Figure 13), with the third worst death rate from traffic crashes.[29] If the New Zealand child injury death rate had been the same as Sweden's, then 324 children's lives

[26] A portion of this improvement may have been from shifting diagnoses (New Zealand Health Information Service, 2000).

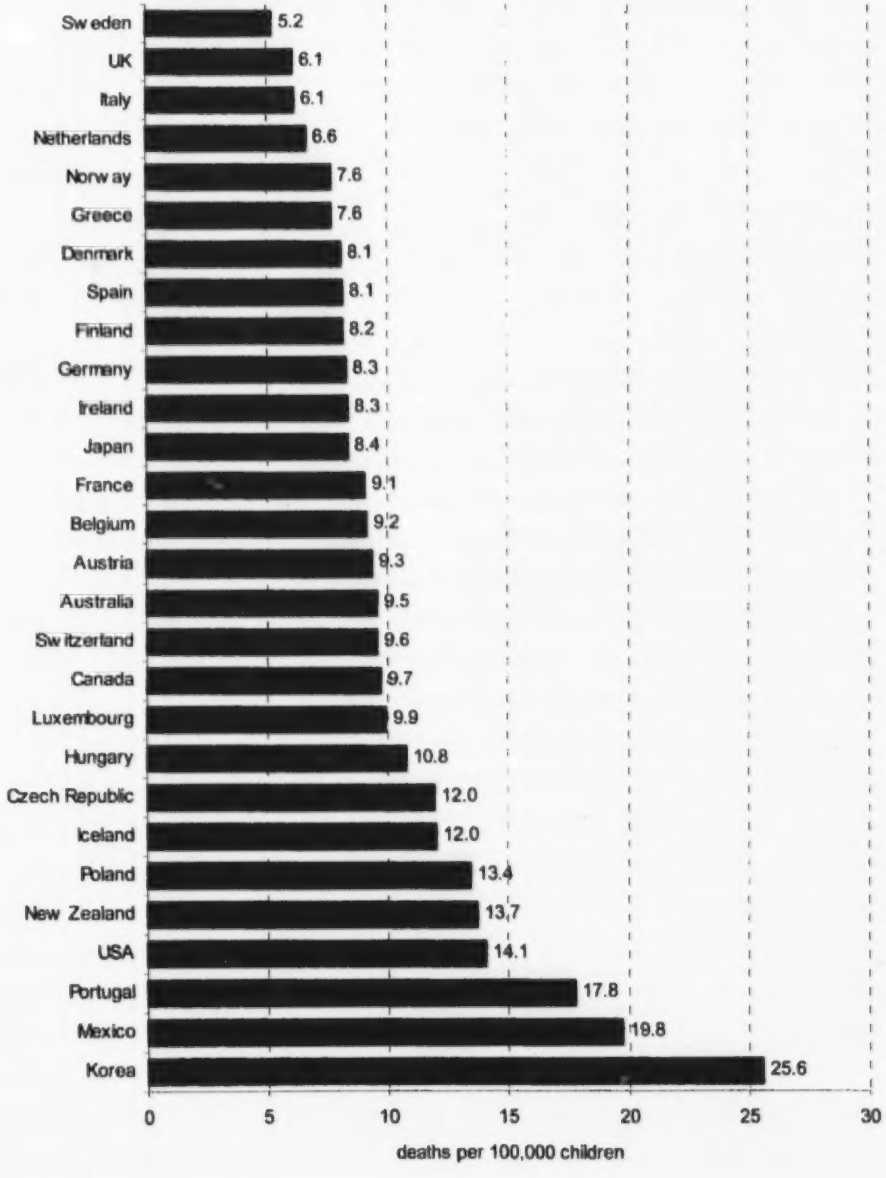
[27] The system of classification of ethnicity changed in 1995 so it is not possible to compare trends in ethnic differences before and after 1995. However, disparities are still very evident. In 1997 the Mäori death rate from SIDS was more than four times the Pacific rate and six times that of other ethnic groups (New Zealand Health Information Service, 2000).

[28] The 1995 change in classifications of ethnicity for births and deaths mean it is not possible to compare trends before 1995 with trends after 1995.

[29] New Zealand was behind Portugal and Korea.

would have been saved in the five year period 1991 to 1995, (UNICEF Innocenti Research Centre , 2001).

Figure 13: *The child injury death league. Annual number of deaths from injuries among 1 to 14 year old children during 1991 – 1995, expressed per 100,000 children in the age group.*




*Source:* UNICEF, 2001.

Rates of hospitalisation for injuries are also high. Rates of hospitalisation of adolescents for injuries are higher than in the United States, Canada and Israel with hospitalisation rates for Mäori being higher for almost all causes and both Mäori and Pacific adolescents having higher rates of admission for pedestrian injuries and assault (Ameratunga, Alexander, Smith, Lennon, and Norton, 1999). The ethnic differences may be indicating that some groups have increased exposure to hazardous environments – for example, Auckland children from low income groups are more likely to walk to school than go in a car and more likely to play on the road in the absence of alternative play areas, and hence are more exposed to the risk of injuries (Roberts, Norton, and Taua, 1996).

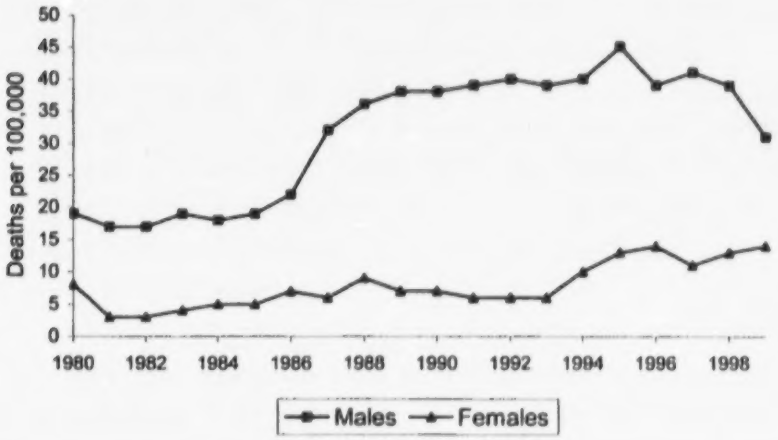
The rate of suicide among young New Zealand men aged 15 to 24 years doubled between 1985 and 1989 and has continued at a high level until showing signs of declining in the late 1990s (Figure 14).[30] Although there has been a rising suicide rate among young men in many industrial democracies, including New Zealand since the 1970s, the abrupt step up in the rate in New Zealand after 1984 stands out (Hassall, 1997; Skegg and Cox, 1991). The New Zealand youth suicide rate became comparable with rates in the Russian Federation and some of its neighbours (UNICEF, 1996), and higher than Finland, Australia, Canada, the United States, Norway, France, Sweden, Germany, Japan, the United Kingdom and the Netherlands (Ministry of Health, 2000).

The youth suicide rate is higher among young men than young women, with the highest rate among young Mäori men. The suicide rate rises rapidly at the school-leaving age of 16 to 18 years against a background rapid rise in the prevalence of thoughts of suicide in this age band (McGee and Nada-Raja, 1999).

There has been a recent decline in youth male suicide rates. It is not clear whether this is due to the effects of community, health service and government interventions, changing social circumstances (such as the improvement in youth employment rates) or a cohort effect as the youth of the 1980s entered an older age group.

[30] In 1998 there were 66 suicide deaths among young people aged 15 to 19 years, and 74 suicide deaths among young people aged 20 to 24 years (New Zealand Health Information Service, 2001).

Figure 14: *Deaths by suicide among young people aged 15–24 per 100,000, 1980 – 1999*




*Note*: 1999 figures are provisional.

*Source*: New Zealand Health Information Service.

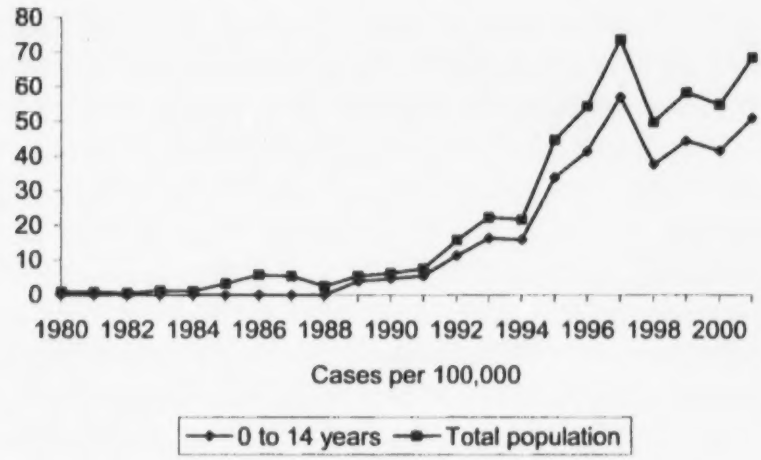
Rates of communicable disease are high for an industrialized country. About one in ten child deaths are caused by communicable diseases (Ministry of Health, 1998c). Rheumatic fever rates among Mäori and Pacific children are very high. Tuberculosis – which like rheumatic fever, is strongly associated with poverty – re-emerged during the 1980s (Calder et al., 2000; Martin, 2000). There are regular epidemics of measles and whooping cough (Ministry of Health, 1998c; Ministry of Health, 1998d). Immunisation coverage is low. A 1996 survey of immunisation rates in the northern part of New Zealand found that full immunisation at two years had only been achieved for 45 per cent of Mäori children, 53 per cent of Pacific islands children and 72 per cent of other children (North Health, 1997).

There are very high rates of meningococcal disease, a serious communicable disease which can lead to death and severe disabilities. Figure 15 shows how rates accelerated through the 1990s and may have peaked in 1997.[31] A disproportionately large number of cases have been Pacific and Mäori children in the Auckland region. In 1998, 49 per cent of cases were children under five years, and there were more than four cases for every thousand Pacific infants, and two cases for every thousand Mäori infants (Baker, Martin, Kieft, Jones, and Lennon, 1999). A case control study of the epidemic showed a clear link between meningococcal disease and overcrowding. The risk of disease was doubled if there were two more adults or adolescents moved into a six room house. The risk was increased five

[31] In 1997, there were 475 cases of meningococcal disease among children under 15 years (R. McDowell, Institute of Environmental Science and Research, personal communication, 2002).

times by the addition of four adults. The effect of overcrowding applied equally across ethnic groups (Baker et al., 2000).

Figure 15: *Rates of meningococcal disease, 1980 – 2001.*




*Source*: Institute of Environmental Science and Research.

Rates of hospitalisation among children under 15 years of age increased annually by an average of 5 per cent from 1988 to 1995.[32] Mäori children were almost twice as likely to be admitted as non-Mäori children, but over that period, hospitalisation rates increased slightly more for non-Mäori than Mäori children (Ministry of Health, 1998c). This may reflect the increasing numbers of Pacific children who are included in the non-Mäori group. Pacific children have higher hospitalisation rates than the general population of children for most conditions, and much higher for pneumonia and rheumatic fever (Tukuitonga and Robinson, 2000).

The Innocenti Report Card, *A League Table of Teenage Births in Rich Nations,* looked at births to teenage mothers in 28 industrialized countries. In 1998 New Zealand had the third highest rate of births to young women aged 15 to 19 years (with 29.8 births per 1,000 young women aged 15 to 19 years) and the third highest rate of births to young women aged 15 to 17 years (with 15.4 births per 1,000 young women aged 15 to 17 years).[33] The teenage birth rate was much higher among Mäori (with 74 births per 1,000 young women aged 15 to 19 years) which may reflect that Mäori women tend to have children at an earlier age and social and economic disadvantage (UNICEF, 2002a).

[32] Changes in hospital admissions may be due to changes in medical diagnosis and management, changes in access to health services, and definitions, as well as changes in the rate and severity of diseases.

[33] The United States and the United Kingdom had higher rates for both age groups.

The Innocenti Report Card suggested the variation between countries might be explained by two factors. One was how far a country had moved away from traditional values together with how far it has prepared young people for such changes. In 2001 the Government released a sexual and reproductive health strategy (King, 2001b) but implementation plans are still being developed. The second factor is the extent to which societies are inclusive and teenagers have a sense of well-being and hope. The Report Card measured this by looking at measures of income inequality and teenage participation in education. Again New Zealand was near the top of the league: third in income inequality and third in the proportion of 15 to 19 year-olds not in education (UNICEF, 2002a).

### ▪ 5.3 *Summary*

Although overall child mortality has fallen, the fall has been less than elsewhere, and the reforms have been unable to reverse New Zealand's poor rankings in international comparison of child mortality rates. There were some absolute declines in well-being with an escalation in rates of youth suicide in the 1980s and the development of a meningococcal epidemic. Inequality increased.

## 6. Education

### ▪ 6.1 *The education reforms*

Educational policy was radically reformed in New Zealand in the late 1980s.

Reforms to the early childhood sector (which provides non-compulsory education for children under the age of 5 years) established more cohesive partnerships between the range of non-governmental, private, and public providers, and assisted by an increase in government funding to most parts of the sector. There were also increased government interventions, especially in setting standards and requiring that staff be well trained.

A programme of reforms called 'Tomorrow's Schools', had the policy thrust of school self-management, and aimed to provide a contrast to the central control previously exercised by the Department of Education. The reforms included managerial reforms requiring greater voluntary and financial input from parents and communities; the promotion of individual choice in education and hence competition between schools; and the separation of policy advice, performance reviews, and the provision of educational services.

The formula for school funding is derived in part from a ranking of schools into deciles based on socio-economic indicators and ethnicity, that allows for targeted funding. Lower decile schools receive considerable

additional funding from Government while schools in more wealthy areas are expected to raise significant proportions of their budgets from donations and activity charges. The funding is per pupil and many small rural schools were closed as they lacked economies of scale. Many of the more 'desirable' schools operated enrolment schemes and were able to select their students.

'Mainstreaming' of children with disabilities into mainstream education has been occurring since the mid-1980s. Under the Education Act 1989 students with special educational needs are entitled to enrol and receive education at conventional state schools. In 1997 a reform programme called Special Education 2000 was announced. This meant the bulk of existing special facilities were disestablished. Resources were increased and aimed at meeting the requirements of children with special educational needs in conventional schools.

The Truancy Service was closed as part of the reforms, with responsibility passing to individual schools for monitoring and action on truancy. During the mid-1990s a series of pilot projects were implemented to address truancy in secondary schools and were extended in the late 1990s to a national programme (Kerslake and Lange, 1998).

Initiatives in schools have been largely piecemeal, although policy has been moving towards favouring a 'wrap-around' concept whereby schools are the locus for a variety of educational and social services for children and their families.

Reforms to universities and other tertiary education institutions in 1991 offered more autonomy to tertiary institutions but demanded greater competitiveness. Tertiary fees were increased substantially, and a loan scheme for students was introduced alongside means testing of entitlement to the student allowance for students (including means testing of the parents of students under the age of 25 years).

The Labour-Alliance Government has carried out reviews of early childhood and tertiary education, re-introduced school zoning so as to reduce competition between schools, established a new framework for assessment of educational achievement in schools, and adjusted the student loan scheme so that full-time or low income part-time tertiary students do not accrue interest on loans while studying.

## ▪ 6.2 *Trends in education*

There is limited quantitative information on the outcomes for children from their education. It is difficult to make comparisons of changes in achievement over time or between countries. A 1994/95 cross-country comparison for OECD countries by the International Association for the Evaluation of Educational Achievement showed that New Zealand students performed below the OECD average for the fourth and eighth grade in mathematics

(OECD Centre for Education Research and Innovation, 1995). A follow-up study of eighth graders in 1999 found that the lowest-scoring students performed at a lower level in 1999 than in 1995 while there were no significant changes at other levels (OECD Statistics and Indicators Division, 2001)

New Zealand's overall results were much better in another international comparison of student achievement. The Programme for International Student Assessment (PISA) investigated the capacities of 15 year-olds in industrialized countries to apply knowledge and skills in reading, mathematics and science. New Zealand was among the six highest scoring countries in all three subject areas. New Zealand was also notable for the very wide range of results among students (Ministry of Education, 2001a; OECD Programme for International Student Assessment, 2001).

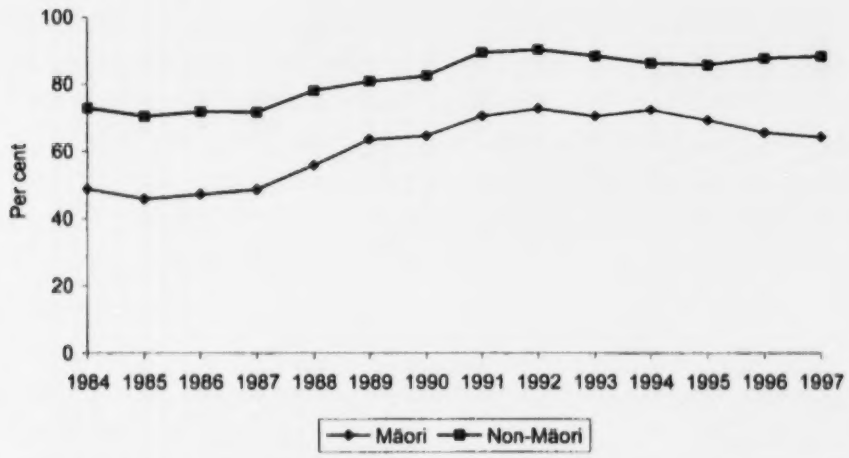
Initiatives such as Kohanga Reo and Kura Kaupapa have enabled a growing number of Mäori children to be educated in their own language and culture. Kohanga Reo are pre-school Mäori language nests, where children are taught language and culture within a childcare environment. Kohanga Reo were established from the mid-1980s. Kura Kaupapa Mäori are primary schools that operate within the State system with a Mäori philosophy and often with Mäori language instruction. Many Kura Kaupapa Mäori were established in the early 1990s. Some commentators have argued that "it was not competition and individual choice which created these initiatives but co-operative, collective whanau (family) and iwi-based political action" (Watson, Hughes, Lauder, Strathdee, and Simiyu, 1997, p. 105). Language nests have also been established for Pacific pre-school children.

Demand for early childhood, primary, secondary and tertiary education has grown, partly in response to a demographic bulge, the raising of the school leaving age to 16 years in 1995, and labour market changes.[34] There have been substantial increases in the number of children in early childhood education and young people in tertiary education.

New Zealand has very high rates of participation in pre-school education (OECD Centre for Education Research and Innovation, 1998). Early childhood participation rates increased almost 45 per cent between 1990 and 2001 (Ministry of Education, 2001b). The numbers of both Mäori and non-Mäori children attending early childhood education increased substantially between 1991 and 1998, but the disparity between Mäori and non-Mäori enrolment has persisted (Figure 16). Two fifths of Mäori children attending early childhood education are in Kohanga Reo (Ministry of Education Data Management and Analysis Unit, 1999).

[34] There has been increased demand for childcare from working parents. The depressed youth employment market and the reduction in available apprenticeships meant many young people have stayed longer at school.

Figure 16: *Apparent participation rates for Mäori and non-Mäori 3 and 4 year-old children in early childhood education.*

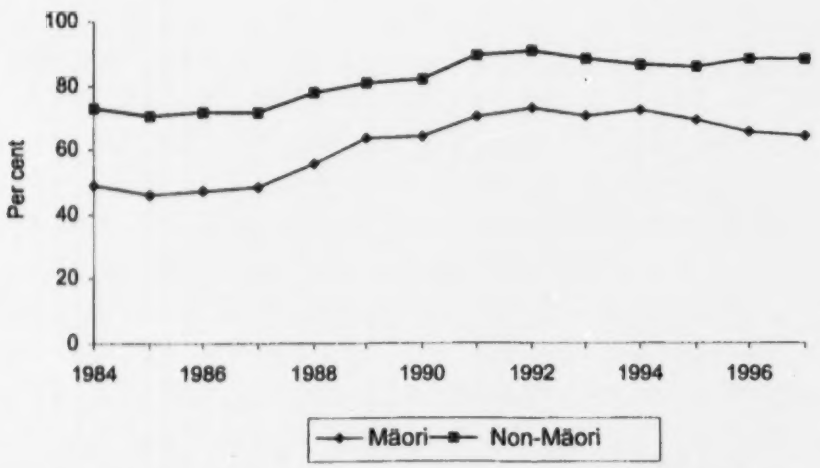



*Note*: Some children are enrolled in more than one centre, so rates of participation can only be considered 'apparent' and may be inflated. Children start school at 5 years of age.

*Source*: Te Puni Kokiri, 2000.

Inequity in educational outcomes has continued despite efforts to increase early childhood, secondary and tertiary participation. Figure 17 shows how between 1984 and 1994 there was an increasing number of Mäori aged 16 years staying at school. This trend reversed between 1995 and 1997 and then fluctuated.

Figure 17: *School retention rates for Mäori and non-Mäori 16 year-olds, 1984–1999.*



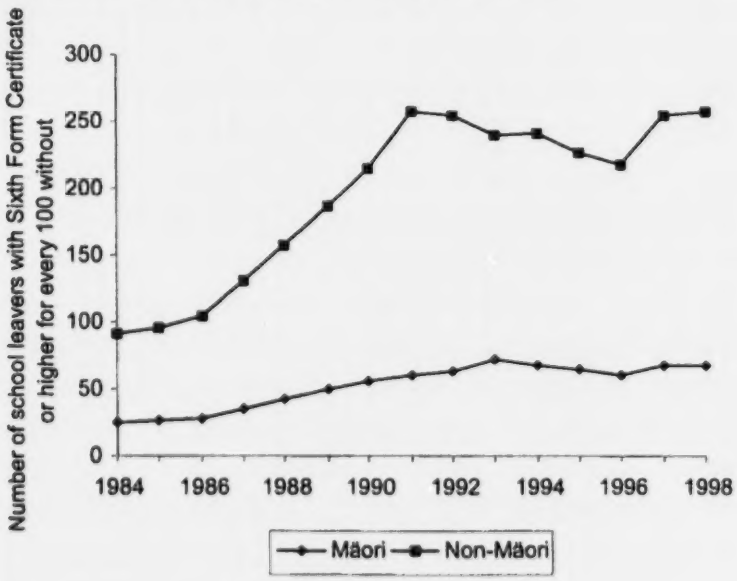

*Note:* The school leaving age was raised to 16 in 1993. Rates calculated by taking the number of students at age 16 as a proportion of the numbers of 14 year old students two years earlier.

*Source*: Te Puni Kokiri, 2000.

The minimum qualification for entry into the job market is generally considered to be Sixth Form Certificate[35] (Te Puni Kokiri, 2000). Girls are more likely to attain Sixth Form Certificate. In 1997 seventy per cent of girls leaving school received it or a higher qualification, in comparison to 62 per cent of boys. There are also socio-economic and ethnic differences. In 1997 fifty-one per cent of students from schools in the lowest three deciles, and 81 per cent of students from schools in the highest three deciles, left school with a sixth form qualification or higher. Seventy-two per cent of European students, 40 per cent of Mäori students, 55 per cent of Pacific students, and 84 per cent of Asian students left school with a sixth form or higher qualification (Ministry of Education, 1998).

Although increasing numbers of Mäori students are leaving school with qualifications there is still a substantial gap. A way of looking at trends in the attainments of school leavers is by looking at the changing numbers of school leavers without Sixth Form Certificate in comparison to those with Sixth Form Certificate or higher (Figure 18). In 1984 there were 25 Mäori school leavers with Sixth Form Certificate or higher for every 100 Mäori students who left school without it, and this rose to 68 in 1998. By comparison, the respective figures for non-Mäori school leavers were 91 in 1984, and 258 in 1998 (Te Puni Kokiri, 2000).

Figure 18: *Number of school leavers with Sixth Form Certificate or higher for every 100 school leavers without Sixth Form Certificate or higher, 1984–1998*




*Note:* The school leaving age was raised to 16 in 1993.

*Source*: Te Puni Kokiri, 2000.

[35] The sixth form is usually reached in the eleventh year of attending school. Children start school at 5 years of age.

Inequity is also seen in entry into the tertiary sector. In 1994 ten per cent of first year university students were from schools in the lowest three deciles whereas 41 per cent were from schools in the top three deciles. The gap increased. In 1997 only 8 per cent of first year university students were from schools in the lowest three deciles whereas 52 per cent were from schools in the top three deciles. These disparities were also seen in other tertiary institutions where the gap was widening. There are also ethnic differences. Mäori and Pacific peoples are under-represented in tertiary education: in 1997 11 per cent of all tertiary students were Mäori and 4 per cent were Pacific. The costs of tertiary fees and the increasing levels of student indebtedness are seen as financial barriers to participation in tertiary education (Taskforce for Improving Participation in Tertiary Education, 1999).

New Zealand has a lower proportion of teenagers in education than many other industrialized countries, In 1998 twenty-eight per cent of New Zealand 15 to 19 year-olds were not in education. Among OECD countries only Turkey, Mexico, the United Kingdom and Italy had a higher proportion of teenagers not in education (G. Brown, personal communication, 2002).

One of the aims of the reforms was to ensure school choice for parents, but it appears that – despite pockets of increased choices for Mäori and some other students – this was not widely achieved. Schools were more likely to choose to enrol European student applicants than Mäori and Pacific student applicants, even when they had similar prior achievement scores (Watson et al., 1997). Researchers asked parents what schools they ideally like their children to attend. Two thirds of parents – whether of low, high or middle income status – wanted their children to attend 'high circuit' schools (schools seen by the researchers as being better able to compete in the marketplace because of their socio-economic and ethnic characteristics). However, whereas 54 per cent of high socio-economic parents had children attending the high circuit schools, only 18 per cent of low socio-economic parents had children at those schools. In contrast, 39 per cent of low socio-economic parents had children attending the low circuit schools, and only 9 per cent of high socio-economic parents had children at those schools (Lauder, Hughes, and Watson, 1999). A survey of parents found Mäori parents were less likely to have been able to enrol their child in their school of first choice (Wylie, 1999).

A recent High Court judgement found that the changes bought about under the Special Education 2000 policy meant a sizeable number of children with special educational needs received less support than they had previously. The Court said that there was no effective government role left for ensuring adequate provision of services at a local level, some schools refused to enrol students with special needs, and some schools offered insufficient support (LSA Daniels and Ors v Attorney-General, 2001).

### ▪ 6.3 *Summary*

The education reforms have been associated with increasing inequality at all levels of the sector, with growing gaps and continuing disparities between Mäori and non-Mäori, and evidence that Mäori and Pacific children, and children from low income families, are disadvantaged. While participation rates have increased, this may have been in part the result of declining employment opportunities for secondary school leavers. Parental choice of schools was limited. There appear to be financial and other barriers to equal participation in education.

## 7. Child Protection and Youth Justice

### ▪ 7.1 *The reforms of child protection and youth justice*

The reform of child protection and youth justice legislation became a part of the general reform process in the 1980s. The Children and Young Persons Act 1974, which provided for decisions on the placement of children in need of care or protection to be made by the courts and the state welfare agency, was seen as out of date by the early 1980s. Mäori claimed that the Act promoted institutional racism by privileging European values and child rearing practices over those of Mäori, and separating Mäori children from Mäori families through institutional care, fostering and adoption outside of kinship groups (Ministerial Advisory Committee on a Mäori Perspective for the Department of Social Welfare, 1988). This argument was accepted by the Government of the day. The process of reforming child welfare legislation was long and involved an extensive and, for the time atypical, consultation. A government-appointed committee of experts recommended a multi-disciplinary specialist team model, and a number of community workers and an influential body of Mäori opinion favoured a family decision-making and family placement model. Treasury saw that an emphasis on family autonomy, which transferred greater responsibility onto families for the care of children, would be less expensive than alternatives that required high levels of professional services.

The Act's two main principles are preservation of the family and the safety of the child. The Parliamentary sponsors of the Act said four main themes underlay it: family responsibility, children's rights, cultural acknowledgement, and partnership between state and community (Hassall, 1996b). The central and innovative mechanism was the family group conference, a statutorily-defined meeting of family and others able to assist, which decided on the child's placement and other issues. Families were given a large degree of autonomy in decision making over both children in need of care and protection and children within the justice system.

The main statutory provision for youth justice in New Zealand is also the Children, Young Persons and Their Families Act 1989. While youth justice and care and protection sit side by side in this Act, the services for each operate separately. The unifying feature is the intention in each to follow a family preservation, family decision-making model and use of the family group conference as the principal means of pursuing this purpose.

## ▪ 7.2 *Trends in child protection and youth justice*

Violence toward children in New Zealand is common. In the 1998/99 year 6,709 cases of abuse and neglect of children were substantiated after investigation by the statutory child protection service (Ministry of Social Policy, 2000a).[36]

Because of changes in criteria for investigation and categorisation it is not possible to gain an accurate picture of the trend. There was a large increase in the number of notifications to the child protection service during 1991 and notifications have remained at around that figure since. Whereas in 1990 there were 12,079 notifications, in 1992 there were 24,861. The lower rate of notification, pre-1992, is comparable with rates in England and Wales and Australia (Robertson and Maxwell, 1996). In a survey of recollected childhood sexual abuse, 25 to 30 per cent of adult women of all ages reported having been abused, suggesting that the rate of abuse had been steady during the mid-century decades at least (Anderson, Herbison, Martin, Mullen, and Romans, 1993).

The majority of child homicides are a result of child abuse, that is they are committed by people responsible for the child's care. In the under 5 year age group, the homicide rate has been steady at around 2.0 per 100,000 age specific population since 1971. In the 5 to 14 year age group, the homicide rate is lower and has fluctuated between 0.2 and 0.8 per 100,000 age specific population, with a possible upward trend discernible in the mid-1990s (Maxwell, 1995; Ministry of Health, 1998c).

Child welfare has remained controversial, although there is still a substantial consensus in favour of the principles of the legislation and culturally appropriate ways of dealing with the needs of children. Much of the preventative and empowering aspects of child protection policy have been inoperable owing to a lack of resources. There has not been a full evaluation of the effects of the legislation. There has been an emphasis on dealing with children at high risk of abuse, with support often unavailable because of financial constraints. The state has transferred responsibility to families, but not the resources required to allow families to exercise these responsibilities. The emphasis on high risk has not worked sufficiently to prevent the deaths of a number of children for whom the agency had responsibility. Institutional

[36] Some children may have been counted more than once.

care has been dramatically reduced, although this has created new problems, with insufficient provision of safe residential and institutional care for those children for whom there is no alternative. The Waitangi Tribunal, a permanent commission of inquiry set up to review government Treaty responsibilities to Mäori, has criticised the way in which the Department of Social Welfare identified needs and developed contracts to provide for the needs of Mäori children and their families in Auckland (Waitangi Tribunal, 1998).

A Ministerial Review of the statutory care and protection service described how the service has been under extreme pressure. Difficulties found included inadequate resources, frequent restructuring during the 1990s, and the service's belief that the requirements of the Public Finance Act to work within a capped budget over-rode the Children, Young Persons and Their Families Act (Brown, 2000). Increased funding was announced in the 2001 budget, although much of this was for specific programmes and increasing levels of staff professionalism, rather than for front line services for children.

As was intended, the procedures under the Children, Young Persons and Their Families Act 1989 drastically reduced the rate of appearance of young people before the courts. Information laid in the courts fell by 63 per cent in the first year while rates and patterns of offending and numbers of arrests remained the same (Maxwell and Morris, 1991). The administration of youth justice has maintained a preventive and restorative rather than a punitive focus. There is some evidence that the recidivism rate has been lowered under this regime (Maxwell and Morris, 1993), but again, there are concerns about the level of resources and the lack of evaluation.

### ▪ 7.3 *Summary*

Rates of child abuse and the violent death of children are continuing issues of serious concern. While the approach adopted by the Children, Young Persons and their Families Act 1989 retains support there are widespread concerns – confirmed by the Ministerial Review – about the ability of government child welfare agencies to protect children. Whether new funding from Government and new directions taken by the service will resolve these problems is an open question.

## 8. Conclusion

In 1997 the United Nations Committee on the Rights of the Child recommended that the Government "study the impact on children, young people and their families of the economic reform process" (United Nations Committee on the Rights of the Child, 1997, para. 26). The Government has sent the Committee a written report on progress in implementing the United Nations Convention on the Rights of the Child and following up the

Committee's recommendations (Ministry of Youth Affairs, 2001). It has not yet carried out an evaluation of the impact of the reforms on children, young people and their families. The Government meets with the Committee on the Rights of the Child in late 2003.

In 1984 when New Zealand embarked on its economic and social reform process, the state faced a series of economic crises and there was a general agreement on the need for change. The transformation of the welfare state in the 1970s had not delivered major benefits to children and from 1984 the major policy emphasis was on restoring the New Zealand economy with an assumption that strong economic growth would allow the well-being of children and their families to improve. Universal policies for children were abandoned in favour of highly targeted provisions. Changes in income and housing assistance for families with children reflected this change, as did the implementation of the Children Young Persons and their Families Act 1989.

There have been some improvements in the situation of children, including increased participation in early childhood and tertiary education, a reduction in deaths from SIDS, the development of Mäori and Pacific providers of services, increased choices for some children, and a stronger emphasis on the rights of the child. From the mid-1990s when the pace of reforms slowed down and more services were developed to support children, there has been a reversal in the negative direction of some indicators.

However, the reforms have been associated with growing inequality and levels of poverty. Children – and in particular Mäori and Pacific children and the growing numbers of children in one-parent families – have been disproportionately affected. The consequences are seen in absolute and relative declines in some measures of health status, and growing inequality in indicators of family income, housing, health and educational achievement. The effects are inter-related: for example, low household incomes are exacerbated by high housing costs, and overcrowding and poor nutrition can lead to ill-health and lower educational achievement which limits opportunities for future employment and income. Greater choice and autonomy may have improved the situation of some New Zealand children, but increased inequality has prevented these benefits from being available to many others. The easing off of some negative indicators from the mid-1990s suggests that the pace of reform was also detrimental to the well-being of children.

Apart from increasing the emphasis on targeting, successive governments have been slow to respond to the inability of the market place to improve children's well-being. Some government services, such as the statutory care and protection service, have been seriously stretched. In the mid-1990s the Government recognised that the plight of children may require active intervention programmes are still targeted to those heavily in need, but there has been a greater emphasis on preventative and proactive programs within

these socio-economic groups. Improving employment figures give hope that a larger proportion of children from low income families will make a successful and sustained transition from school to work.

For Mäori children, and to a lesser extent Pacific children, the reforms have allowed a greater degree of cultural autonomy and the development of Mäori and Pacific services. There is greater support for Mäori children to maintain their own language and cultural identity. Nevertheless, Mäori families and Pacific families have been hit hard by increased inequality, poor housing and unemployment.

The Government needs to develop a broad and comprehensive policy framework for children which goes beyond the needs of those children most at risk and provides a plan for dealing with the educational, social, cultural and economic well-being of all children, and which is implemented and monitored.

Relying on the social and economic reforms alone to improve the situation of children has been a major failing of the reform process. The Labour and Alliance parties who formed the Government after the election at the end of 1999 promised greater emphasis on the needs of children, although most of the framework for economic management continues. The major political parties appear to have abandoned any attempts to revitalise the climate of market driven reforms. The Labour-Alliance Government has introduced more child friendly policies, with an emphasis on housing and improving care and protection, and promise of a national strategy for children. In the current political climate these improvements are not likely to be reversed by any incoming government.

The New Zealand experience demonstrates the importance of having effective mechanisms to monitor, protect and promote the interests of children, especially during times of major change, and how governments should carefully consider how their actions will impact on children – the most vulnerable and valuable members of any society.

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#

# WHEN THE INVISIBLE HAND ROCKS THE CRADLE: NEW ZEALAND CHILDREN IN A TIME OF CHANGE

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This paper investigates the impact of economic and social reforms on the well-being of children. These reforms were among the most sweeping in scope and scale in any industrialized democracy. The reforms have not led to an overall improvement in the well-being of children. There has been widening inequality between ethnic and income groups which has left many Māori and Pacific children, and children from one parent and poorer families, relatively worse off. The New Zealand experience illustrates the vulnerability of children during periods of social upheaval and change and the importance of having effective mechanisms to monitor, protect and promote the interests of children.

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70

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